88-2702 (1)

Supreme Court, U.S.
FILED
JUN 23 1989
JOSEPH F. SPANIOL, JR.
CLERK

No. _____

In The

Supreme Court of the United States

October Term, 1988

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED J. HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba
AUTHORS RESEARCH COMPANY,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

LOUIS P. PETRICH
(Counsel of Record)
GARY L. SWINGLE
LEOPOLD, PETRICH & SMITH
A Professional Corporation
2049 Century Park East, Suite 3110
Los Angeles, California 90067-3274
213/277-3333
Attorneys for Petitioners

June, 1989

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

12 pp

QUESTIONS PRESENTED

Section 24 of the 1909 Copyright Act (as extended by section 304(a) of the 1976 Copyright Act) grants two consecutive terms of copyright for works created before 1978. Under this two-term scheme, if an author dies during the first term and before renewal, a statutory successor is entitled to renew. Section 7 of the 1909 Copyright Act (reenacted as section 103 of the 1976 Copyright Act) gives the same section 24 rights to an author who, with consent, uses protectible parts of one or more underlying works ("prior works") to create a new work ("derivative work"). The questions presented involve a frequently occurring circumstance: (a) the author of a prior work (here, a short story) authorized another author to create and distribute a derivative work (here, the motion picture Rear Window) during the prior work's first and renewal terms; and, (b) before renewal, the author of the prior work died and that work's copyright was renewed by a statutory successor.

1. Under section 24 of the 1909 Copyright Act (as extended by the 1976 Copyright Act), does the fortuitous of the death of a prior work's author (and renewal of that author's copyright by a statutory successor) extinguish rights of a derivative work's owner, arising from section 7 and the prior author's grants, to distribute the separately copyrighted derivative work during the prior work's renewal term? – an issue as to which the Second and Ninth circuits are in irreconcilable conflict.

QUESTIONS PRESENTED Cont.

2. Whether succession to the renewal copyright entitles a prior author's statutory successor to suspend the derivative work owner's section 24 right to use an independently copyrighted derivative work created with the prior author's consent?

3. If section 24 inadvertently gave a statutory successor of a prior work copyright the right to punish continued distribution of a derivative work because of the death of the prior work's author, may distribution of the derivative nevertheless continue under the doctrine of "fair use"?

LIST OF PARTIES

The parties to the proceedings below are respondent Sheldon Abend and petitioners James Stewart, Patricia Hitchcock O'Connell and Samuel Taylor as co-trustees of the Second Residuary Trust of the Last Will of Alfred J. Hitchcock, MCA Inc., and Universal Film Exchanges, Inc.[1] The petitioners were appellees in Nos. 87-5833 and 87-5922 and cross-appellants in No. 87-5780 in the consolidated appeals below; respondent Abend was appellant and cross-appellee, respectively. There were no other parties.

---

[1] Petitioners MCA Inc. and/or Universal Film Exchanges, Inc., have the following partially owned subsidiaries and/or affiliates: (referred to by Rule 28.1): Ace Limited; Coastline Partners; Cinema International Corporation N.V.; Cineplex Odeon Corporation; Coleco Industries, Inc.; Imagine Films Entertainment, Inc.; Mood Music Company, Inc.; Overland Stage, Inc.; Quantum Media, Inc.; Roncom Films, Inc.; Town Cinema Investments Pty. Ltd.; Universal/Northern Distribution Partners.

TABLE OF CONTENTS

Page(s)

QUESTIONS PRESENTED i

LIST OF PARTIES iii

TABLE OF AUTHORITIES vi

OPINIONS BELOW 2

JURISDICTION 2

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED 2

STATEMENT OF THE CASE 2

1. *The Statutory Setting* 2

The 1909 Copyright Act 3

The 1976 Copyright Act 4

2. *The Undisputed Facts In This Case* 5

3. *The Decision of the District Court* 9

4. *The Decision of the Court of Appeals* 10

REASONS FOR GRANTING THE WRIT 11

I. THE NINTH AND SECOND CIRCUITS HAVE REACHED AN IRRECONCILABLE CONFLICT ABOUT AN IMPORTANT AND RECURRING QUESTION OF FEDERAL COPYRIGHT LAW THAT REQUIRES NATIONWIDE UNIFORMITY; ONLY THIS COURT CAN RESOLVE THE CONFLICT 12

II. THE NINTH CIRCUIT HAS DECIDED AN IMPORTANT QUESTION OF FEDERAL COPYRIGHT LAW WHICH HAS NOT BEEN, BUT SHOULD BE, SETTLED BY THIS COURT 21

TABLE OF CONTENTS (Cont.)

Page(s)

A. *Section 24 Presents Special Problems of Interpretation* 23

B. *The Lower Courts Are Split On the Issues Presented Here* 25

C. *This Court Has Left This Issue Unresolved* 27

D. *"Fair Use" Provides an Additional Rationale for the Rohauer Result* 28

CONCLUSION 30

APPENDIX

Opinion of Ninth Circuit in Abend v. MCA ..... App. 1

Judgments of District Court in Abend v. MCA . App. 54

Constitutional Provisions, Statutes and Rules Involved ..... App. 59

Excerpts of Woolrich Assignment ..... App. 78

Time Line re Abend v. MCA ..... App. 84

Excerpt from Oral Argument in Ninth Circuit in Abend v. MCA ..... App. 85

TABLE OF AUTHORITIES

Page(s)

CASES:

Abend v. MCA, Inc., 863 F.2d 1465 (9th Cir. 1989) 13

Bleistein v. Donaldson Lithographing Co., 188 U.S. 239 (1903) 21

Cohen v. Paramount Pictures Corp., 845 F.2d 851 (9th Cir. 1988) 17

DeSylva v. Ballantine, 351 U.S. 570 (1956) 23

Edmonds v. Stern, 248 F.2d 897 (2d Cir. 1918) . 16, 25, 26

Filmvideo Releasing Corp. v. Hastings, 668 F.2d 91 (2d Cir. 1981) 14

Fox Film Corp. v. Doyal, 286 U.S. 123 (1931) 20

Fox Film Corp. v. Knowles, 261 U.S. 326 (1923) 24

Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643 (1943) 3, 8, 17, 18, 24, 25

Frederick Music Co. v. Sickler, 708 F.Supp. 587 (S.D.N.Y. 1989) 6

G. Ricordi & Co. v. Paramount Pictures, Inc., 189 F.2d 469 (2d Cir.) *cert. denied*, 342 U.S. 849 (1951) 16, 26, 27

Gilliam v. American Broadcasting Cos., 538 F.2d 14 (2d Cir. 1976) 26, 27

Harper & Row, Publishers, Inc. v. Nation Enterprises, 471 U.S. 539 (1985) 28

Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960) ..... *passim*

Mills Music, Inc. v. Snyder, 469 U.S. 153 (1985) 3, 4, 5, 8, 12

TABLE OF AUTHORITIES (Cont.)

Page(s)

Rohauer v. Killiam Shows, Inc., 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977) ..... *passim*

Roth v. Pritikin, 710 F.2d 934 (2d Cir.), *cert. denied*, 464 U.S. 961 (1983) 22

Russell v. Price, 612 F.2d 1123 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980) 14

Silverman v. Sunrise Pictures Corp., 273 Fed. 909 (2d Cir. 1921) 24

Twentieth Century Music Corp. v. Aiken, 422 U.S. 151 (1975) 23

White-Smith Music Pub. Co. v. Goff, 187 Fed. 247 (1st Cir. 1911) 23

CONSTITUTIONAL PROVISIONS:

U. S. Constitution, Article I, Section 8. 2

U. S. Constitution, Amendment I 2

STATUTES AND RULES:

The Copyright Act of 1909

1909 Copyright Act §§ 6, 23, 35 Stat. 1075 (1909) *passim*

17 U.S.C. § 7 (1976 ed.) 2, 3

17 U.S.C. § 24 (1976 ed.) ..... *passim*

The Copyright Act of 1976

17 U.S.C. § 103(a)(b) 2, 3

17 U.S.C. § 107 ..... 2, 28

TABLE OF AUTHORITIES (Cont.)

Page(s)

17 U.S.C. § 203(a)(3) 2, 5
17 U.S.C. § 203(b)(1) 2, 5, 8
17 U.S.C. § 302(a) 2, 3
17 U.S.C. § 304(a) 2, 22
17 U.S.C. § 304(b) 2, 4
17 U.S.C. § 304(c)(3) 2, 5
17 U.S.C. § 304(c)(6)(A) 2, 5, 8
17 U.S.C. § 504(b) 2, 21
17 U.S.C. § 504(c) 2, 21
17 U.S.C. § 505 ..... 2, 21
Transitional and Supplementary Provision § 112, Pub.L. No. 94-533, 90 Stat. 2541 (1976) 30
28 U.S.C. § 1254(1) 2
28 U.S.C. § 1291 10
28 U.S.C. § 1294(1) 10
28 U.S.C. § 1338(a) 9

SUPREME COURT RULES:

Rule 17(a) 12
Rule 17(c) 22
Rule 28.1 iii
Ninth Circuit Rule 34-4 29

TREATISES:

1 M. & D. Nimmer, *Nimmer On Copyright* § 1.11 (1988) 22
3 M. & D. Nimmer, *Nimmer On Copyright* (1988) .13, 21

TABLE OF AUTHORITIES (Cont.)

Page(s)

§ 14.02[A] 21
§ 17.10[B][2] 13

MISCELLANEOUS:

H. R. Report No. 60-2222, 60th Cong., 2d Sess. (1909) 3, 18
H. R. Report No. 94-1476, 94th Cong. 2d Sess. (1976) 19, 20, 30
C. Ellingson, "The Copyright Exception for Derivative Works and the Scope of Utilization," 56 *Indiana L.J.* 1 (1980) 28
P. Jaszi, "When Works Collide: Derivative Motion Pictures, Underlying Rights, and the Public Interest," 28 *UCLA L.Rev.* 715 (1981) 28
B. Ringer, "Renewal of Copyright", Copyright Office Study No. 31, 86th Cong., 2d Sess. (Comm. Print. 1961) 18, 23
Los Angeles Daily Journal, Dec. 28, 1988 22
Daily Variety, Dec. 28, 1988 22
United States Attorney General Opinions, Vol. 28 (1910) 26

No. _____

In The

Supreme Court of the United States

October Term, 1988

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED J. HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba
AUTHORS RESEARCH COMPANY,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Petitioners James Stewart, Patricia Hitchcock O'Connell and Samuel Taylor as co-trustees of the Second Residuary Trust of the Last Will of Alfred J. Hitchcock, MCA Inc., and Universal Film Exchanges, Inc. respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

The December 27, 1987 Opinion of the Court of Appeals ("the Opinion") is reported at 863 F.2d 1465, and is reprinted in the appendix to this petition, at App. 1 to 53. The summary judgments of the district court, without opinion, were unreported; they are reprinted in the appendix at App. 54 to 58.

JURISDICTION

The Opinion and judgment of the court of appeals were entered on December 27, 1988. A timely petition for rehearing and a suggestion for rehearing en banc were denied and rejected on April 13, 1989, and this petition for certiorari was filed within ninety (90) days of that date. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

The pertinent portions of Article I, section 8 of the Constitution, the First Amendment, sections 7 and 24 of the 1909 Copyright Act, as amended, and sections 103(b), 107, 203, 302, 304, 504 and 505 of the 1976 Copyright Act are reprinted in the Appendix at App. 59 to 77.

STATEMENT OF THE CASE

1. *The Statutory Setting.*

The undisputed facts and the relevant rulings are best understood in the context of their setting against the 1909 and 1976 Copyright Acts.

The 1909 Copyright Act

Under the 1909 Act, as amended,[2] section 7 established separate and independent copyright protection "under the provisions of this title" for derivative works, that is, for a new work that incorporated, to some extent, one or more previously copyrighted works "when produced with the consent of the proprietor of the copyright in such works." 17 U.S.C. § 7 (1976 ed.);[3] *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 157-58 (1985)("*Mills Music*").

Section 24 provided for two consecutive, 28-year, initial and renewal, copyright terms for all works subject to copyright. Congress intended the two-term scheme as (1) a lapsing device to enhance public access to works that were not renewed, and (2) a means to give authors a second chance to renegotiate improvident transfers. H.R. 60-2222, 60th Cong., 2d Sess., at 14-15 (1909). Even so, an author could transfer an interest in all or a part of the author's contemplated renewal term during the first term of copyright. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943) ("*Fred Fisher*"). The "author"[4] was entitled to obtain the "renewal" term (or, if the author

---

[2] All references to the 1909 Act are to the Act as amended as of 1976, 17 U.S.C. §§ 1 *et. seq.* (1976 ed.). Sections 7 and 24 were originally enacted as sections 6 and 23, 35 Stat. 1075, and renumbered when codified as 17 U.S.C. §§ 7, 24.

[3] Section 7 was in effect reenacted in the 1976 Act as section 103(a)(b), 17 U.S.C. § 103(a)(b).

[4] Certain works originally copyrighted by "proprietors" were renewable by "proprietors" under Section 24.

died before renewal, the author's statutory successors in this order: spouse and children; executor; next of kin).[5]

The 1976 Copyright Act

Although the major revision of the copyright law enacted in 1976 fundamentally redefined the duration of copyright for post-1977 works, Congress *retained the two-term scheme as to copyrights still in their initial term as of the effective date of the Act.*[6] It provided that a single-term copyright for works created on or after January 1, 1978 would generally extend for the life of the author plus 50 years. 17 U.S.C. § 302(a).

To continue the "second chance" purpose of the discarded two-term scheme *for post-1977 works*, the 1976 Act

---

[5] The 1909 Act did not state what effect, if any, renewal by the statutory successor of a deceased author would have on the continued exploitation of a derivative work created in reliance on the author's promise to grant the right to use the derivative work during his or her renewal term. A great deal of speculation addressed, but no definitive decision decided, that issue until 1977, one year after enactment and one year before the effective date of the 1976 Act. *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977)(holding that a derivative work may continue to be exploited). See *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 176-77, n.45, 183, n.7 (1985). The court of appeals in this case has expressly refused to follow *Rohauer*. See discussion at 12-21, *infra*.

[6] The Act became effective on January 1, 1978. Those works in their initial term were given a 47-year renewal term – an additional 19 years were tacked onto the 28-year renewal under the prior Act. 17 U.S.C. § 304(a)(1977). The 1909 Act as continued by the 1976 Act will require renewals until the year 2005. Renewals in 2005 will expire in 2053. Note 29, *infra*.

provides a right of termination. Where an author grants a transfer or license of one or more statutory rights of copyright to another, the author (or specified heirs) may terminate the grant after a specified time. *Grants made after the Act's effective date* may be terminated after 35 years, 17 U.S.C. § 203(a)(3). Similarly, *pre-1978 grants* may be terminated after the end of the first 56 years of the copyright terms – such termination to affect only the additional 19 years tacked on by the 1976 Congress to the 1909 Act's 28-year renewal term. 17 U.S.C. § 304(c)(3). *See Mills Music*, 469 U.S. at 161-62, 172 (1985).

This new statutory termination right is subject, however, to an important exception. A derivative work authorized by a grant from the owner of a prior copyright may "continue to be utilized under the terms of the grant after its termination . . . " 17 U.S.C. §§ 203(b)(1) and 304(c)(6)(A); *Mills Music*, 469 U.S. at 162 (construing royalty obligations under the Exception). This is the same result reached under the 1909 Act in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977) (*"Rohauer"*), but rejected by the Ninth Circuit court of appeals in this case by its holding that continued use of the derivative work is unlawful.

2. *The Undisputed Facts In This Case.*

In 1953, the actor, Jimmy Stewart, and the director, Alfred Hitchcock, formed a production company, Patron, Inc. ("Patron"), to produce the motion picture, Rear Window (the "Film"). Patron acquired the exclusive worldwide motion picture rights in the initial and renewal terms of copyright to the short story, Rear Window (the

"Story"), from an assignee of the Story's author, Cornell Woolrich.[7] Hitchcock and the screenwriter, John Michael Hayes, revised the Story (the underlying work), adding major characters and events, and Hayes wrote a screenplay with entirely new dialogue. In 1953 and 1954, Patron produced and copyrighted the Film (the derivative work), directed by Alfred Hitchcock, starring James Stewart and Grace Kelly, and based in part on Woolrich's Story. From about 1954 to 1960, Paramount Pictures Corporation ("Paramount") was authorized by Patron to distribute the Film in the United States and elsewhere.

On September 25, 1968, (about 3 months before his Story copyright was eligible for renewal),[8] the Story's author, Woolrich, died without leaving a surviving spouse or child. In 1969, Woolrich's executor, Chase Manhattan Bank, secured a renewal of the Story copyright.

In 1971, Stewart and Hitchcock authorized a nationwide television broadcast of the Film over the ABC network. Also in 1971, for payment of $650, respondent

---

[7] Woolrich had written a short story entitled "It Had To Be Murder", later retitled "Rear Window", first published in the February 1942 issue of Dime Detective Magazine. In 1945, Woolrich assigned the exclusive worldwide motion picture rights in the Story to B. G. DeSylva Productions, Inc. for the first and *renewal copyright terms*. The relevant portions of the grant are reproduced in the Appendix at App. 78 to 83.

[8] Under section 24 of the 1909 Act, the author could renew during the one year period prior to the end of the first term. If the author renewed during the 28th year, the renewal copyright would "vest" in the author even if the author died before the second term began. See, *Frederick Music Co. v. Sickler*, 708 F.Supp. 587, 592 (S.D.N.Y. 1989).

Sheldon Abend acquired from Woolrich's executor those rights in the Story renewal copyright that Woolrich had previously granted to petitioners' predecessor in interest.[9]

In 1976, the Copyright Act of 1976 was enacted to become effective in 1978. See note 6, *supra*, and accompanying text.

In 1977, in a case of first impression under the 1909 Act, *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977)("*Rohauer*"), the Second Circuit, in a unanimous opinion authored by Judge Henry Friendly, harmonized the potential conflict created by section 7 (protecting derivative works produced with the consent of underlying work's authors as independent works) and section 24 (providing a "second chance" renewal term for both derivative and prior works) by holding that the death of a prior work's author and renewal by the author's statutory successor operates so that:

(1) the owner of the derivative work copyright can continue to use the *existing* derivative work according to the original grant from the author of the underlying work; but

(2) the owner of the derivative work copyright cannot make *new* derivative works under the original grant

---

[9] In 1974, Abend brought a copyright infringement action against petitioners in the Southern District of New York. The case was settled in 1976 without any agreement as to future uses.

during the prior work's renewal term.[10] In so ruling, Judge Friendly held that no precedent of this Court governed.[11]

In 1982, the copyright in the Rear Window Film was renewed.[12] In 1983, in reliance on advice of counsel that the 1977 *Rohauer* decision in the Second Circuit permitted the continued use of the Film, defendants Stewart and the Hitchcock co-trustees authorized Universal Pictures, a division of Universal City Studios, Inc. (Universal) to re-

---

[10] *Rohauer* reached precisely the same result created by the derivative-works exception to the "second chance" statutory termination right provided under the 1976 Act. 17 U.S.C. §§ 203(b)(1) and 304(c)(6)(A); *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 161-62 (1985). *See supra*, at 4-5.

[11] *Rohauer* noted this Court had previously held that *where the author renewed* the copyright a prior assignment of rights in the renewal term could be enforced by the assignee. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943). The assignee would then have the right to exploit all the rights granted, even those not yet used to create derivative works. But, in *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960), in a case pitting a statutory successor against an author's assignee who apparently had *not* created a new, derivative work, this Court held that if the author died before renewing, the statutory successor instead of the assignee would take the legal and beneficial *ownership* of the renewal copyright. *Rohauer* pointed out that the *Miller Music Court did not discuss or consider the impact of its ruling on a derivative work having section 7 and 24 rights*. See discussion at 14-18, 27-28, *infra*.

[12] Patron was dissolved in 1960; all of Patron's rights in the Film, including the Film copyright, were assigned to Stewart (45%), Hitchcock (45%) and their agent, MCA Artists Ltd. (10%). The Hitchcock co-trustees are co-proprietors of the Film copyright renewal with Stewart and MCA Inc. (successor in interest to MCA Artists Ltd.).

release the Film throughout the world. The Film's re-release in theatres began on about September 30, 1983 in New York City, respondent's residence and place of business. Abend brought this action for copyright infringement in the United States District Court for the Central District of California on April 10, 1984, against Universal's parent, MCA Inc., Universal's wholly-owned subsidiary, Universal Film Exchanges, Inc., James Stewart and the Hitchcock co-trustees, seeking compensatory damages, an accounting of defendants' profits, injunctive relief, costs and attorney's fees. Jurisdiction of the district court was invoked under 28 U.S.C. § 1338(a).

3. *The Decision of the District Court.*

Petitioners moved for summary judgment charging that the renewal Story copyright was defective and invoking the *Rohauer* rule and the "fair use" defense. Respondent moved for summary judgment against Petitioners' affirmative defenses.

On March 23, 1987, the district court granted petitioners' motions for summary judgment on the alternative grounds that petitioners' continued distribution of the Film was permitted by: (1) the *Rohauer* rule, and (2) the "fair use" defense (Appeal No. 87-5780).[13] Separate

---

[13] The district court denied petitioners' alternative motion that defects in the original "blanket copyright notice" or in perfecting the Story renewal copyright injected the Story into the public domain by 1970, (Appeal No. 87-5883). Petitioners do not seek review of the court of appeal's affirmance (App. 7 to 15; Part I of Opinion) in 87-5833 of the district co[illegible]'s

(Continued on following page)

forms of judgment on the *Rohauer* and fair use issues were entered on March 27, 1987; a formal order granting petitioners' motions on two grounds, denying petitioners' motion regarding the defects issue and denying respondent's motion for summary judgment was entered on April 20, 1987. Respondent and petitioners brought their appeals and cross-appeal under 28 U.S.C. §§ 1291 and 1294(1).

4. *The Decision of the Court of Appeals.*

A divided panel of the court of appeals reversed the summary judgment for petitioners, refusing to follow the *Rohauer* rule. The Majority read *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960) (*"Miller Music"*), to constitute "ineluctable authority" for the proposition that upon "renewal and extension" by a statutory successor of a prior work, prior grants of the deceased author were rendered void – as a matter of copyright law – so that further use of any existing derivative work constituted infringement. App. 23 to 24. Thus, the Majority rejected the distinction drawn by the dissent and by *Rohauer* between cases where the author never agreed to assign renewal rights and a case such as this where the attempted assignment was held to be impliedly defeated by operation of law under section 24. Similarly, whereas the Second Circuit in *Rohauer* and the

---

(Continued from previous page)

ruling that Woolrich's Story was properly copyrighted and renewed. Respondent's motion for summary judgment attacking petitioners' affirmative defenses was denied. (Appeal No. 87-5922).

dissent below considered the existence of competing derivative and underlying copyrights – a factor not present in *Miller Music* – to be a special circumstance requiring accommodation of each under the renewal statute that governs both works, the Majority below found that distinction to be irrelevant. App. at 23-24. Additionally, the Majority felt itself bound by the legislative history of the 1976 Act to construe the 1909 Act contrary to *Rohauer*. Recognizing that its ruling effectively gave the Story author's statutory successor veto power over distribution of the Film, even though the Film contained substantial new matter, the Majority created a special exemption from injunctive relief for "classic" films, but left such films subject to all other infringement remedies. App. 31 to 36.

Additionally, the court below refused to sanction the *Rohauer* result under the "fair use" doctrine, primarily because it misunderstood petitioners' counsel to concede the critical "adverse effect" factor at oral argument. App. 39 to 40.

REASONS FOR GRANTING THE WRIT

The Majority opinion below creates an intolerable conflict between the two leading circuits that administer copyright law for the music, book and magazine publishing, motion picture, television and related industries. The Ninth Circuit's opinion (1) upsets the reasonable reliance on *Rohauer* by these petitioners, the entertainment industry, and other similarly situated derivative-work copyright owners, (2) arms copyright speculators with a veto

power over the distribution of countless copyrighted derivative works[14], and (3) discourages future licensing of first-term pre-1978 copyrighted works to create new derivative works. Because the conflict virtually depends upon the circuits' drastically different readings of this Court's 1960 *Miller Music* decision, the decision below raises an important question of federal law which has not been but should be settled by this Court.

I. THE NINTH AND SECOND CIRCUITS HAVE REACHED AN IRRECONCILABLE CONFLICT ABOUT AN IMPORTANT AND RECURRING QUESTION OF FEDERAL COPYRIGHT LAW THAT REQUIRES NATIONWIDE UNIFORMITY; ONLY THIS COURT CAN RESOLVE THE CONFLICT.

Part II of the Majority opinion below directly conflicts with an existing opinion, *Rohauer*, by the court of appeals for the Second Circuit, and substantially affects a rule of national significance in which there is an overriding and immediate need for uniformity. Dissent, App. at 51; Sup. Ct. R. 17(a). Films and most other copyrighted works are distributed throughout the United States.[15]

---

[14] This same issue arises no matter what the nature of the derivative work – movie, television program, play, book, musical recording – so long as it incorporates some part of one or more copyrighted works, such as a poem, photo, story or song. See *e.g., Mills Music, Inc. v. Snyder*, 469 U.S. 153, 158 (1985)(one 1923 song licensed over 400 times to record companies to prepare derivative works). See also note 28 *infra*.

[15] The reversionary effect of the American two-term copyright scheme is not acknowledged under foreign copyright

(Continued on following page)

Because the Ninth Circuit outlaws the distribution of films and other works that the Second Circuit allows, parties will forum-shop.[16] Uncertainty about which forum's rule governs will disrupt or, in many instances, prevent future distributions of derivative works. An *immediate resolution* of the conflict is necessary because the terms of federally granted copyrights are expiring while uncertainty caused by the conflict chills and threatens to impose untoward economic burdens on their future use.

The *Rohauer* (2d Cir.) and *Abend* (9th Cir.) decisions are *not* distinguishable on their facts. The statutory successor in *Rohauer* was the author's daughter; in *Abend*, the author's executor. In both cases, plaintiffs were persons who speculate in acquiring such interests from statutory successors; defendants were the intended beneficiaries of the deceased author's attempt to grant rights for both terms of copyright. Defendants in both cases owned the copyright in the derivative-work motion pictures. Yet, while *Rohauer* accommodates a potential conflict

---

(Continued from previous page)

laws because the effect is a product of copyright not contract law. See 3 M. &. D. Nimmer, *Nimmer On Copyright* § 17.10[B][2] (1988). If the decision below is not reversed, creators-owners of hundreds of American films will be able to show their works without liability everywhere except in America.

[16] For example, although respondent resided and was officed in New York City where the Rear Window Film was first re-released, he sued in the Central District of California, no doubt seeking a conflicting decision.

between two valid copyrights by holding that defendants' use is lawful, the court below treats the defendants' use of their valid copyright as *unlawful* and tries to adjust the harmful impact on the outlawed derivative copyright by fiddling with the injunction remedy. The conflict between these circuits, the most influential on copyright law, could not be more direct, clear, or intolerable.

Throughout, their reasoning is at odds. Whereas the Second Circuit in *Rohauer* and the dissent below [17] considered the existence of two potentially conflicting, valid (underlying and derivative) copyrights to be a special circumstance requiring accommodation under section 24, the Majority opinion below did not. App. at 25 n. 14. Rather, the Majority opinion read an implied exception into section 24 so that upon "renewal and extension" by a statutory successor of a deceased author, use of all existing derivative works – also protected by section 24 – must cease or be treated as infringements. Implicit is the mistaken assumption that Congress intended to grant a derivative work a second-class copyright, whose use is subject to suspension (for the period of the prior work's renewal term) on the death of a prior work's author. The Majority does not seem to appreciate that both derivative and underlying works are created by authors and that any work (to the extent it incorporates a prior work

[17] Panels of both circuits have recognized the policies favoring derivative-work owners under *Rohauer* circumstances under section 24. *Russell v. Price*, 612 F.2d 1123, 1130-31 (9th Cir. 1979), 446 U.S. 952 (1980); *Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91, 93 n.2 (2d Cir. 1981).

or is incorporated into a later work) may be *both* an underlying *and* a derivative work.

The Majority's failure to rely on the statute is revealed by its criticism of *Rohauer*'s reliance on a partial "new property" theory derived from the language of section 7 and on the "consent" inherent in the author's attempted assignment of the renewal copyright. App. at 25-26, n.14. In fact, section 7 gave derivative work copyrights dignity equal to copyrights for prior works by providing that derivative works "shall be regarded as new works subject to copyright under the provisions of this title" so long as they were "produced with the consent" of the proprietor of the underlying copyright. Dissent, App. at 46;[18] Section 24 expressly gives *all* copyrighted works two terms. Thus, petitioner's Film had the right to a full renewal term. The Majority points to no words in section 24 to defeat petitioner's right; instead, it relies on the "second chance" policy inherent in section

[18] The Majority misses the point when it claims that *Rohauer*'s limited application of the new property theory offends the traditional copyright rule that the derivative copyright does not "protect" "old matter" in the underlying work, only the "new matter" in the derivative work. App. at 19, 25, n.14. The "protection" rule prevents a perpetual monopoly by giving protection only to the "new." But "protection" is not the issue here; it is whether the statutory successor of an underlying copyright may prevent the continued use of the "old matter" integrated with the derivative work's "new matter." Section 7 does not so state; instead, it suggests that consent once given can only be withdrawn for an existing derivative work by agreement. Section 7's express admonition that consent to create the new work does not "imply an exclusive right" to use old matter implies a non-exclusive right to continue such use.

24 to nullify completely the author's attempt to grant any rights in the Story renewal and to destroy the derivative work's "second chance" under the same section. The statute does not mandate such an odd result. Whereas Judge Friendly accommodated the potential conflict in the two copyrights in *Rohauer*, 551 F.2d at 485-86, 490, 492; the Majority below was oblivious to it. App. at 24.

Because the Majority below saw no significance in the fact that petitioners own a separate copyright, it held that *Miller Music* and *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.) *cert. denied*, 342 U.S. 849 (1951) require the rejection of *Rohauer*. The Majority below thus failed or refused to appreciate the distinction drawn in *Rohauer* between the situation in *Ricordi* where the author of the underlying work never purported to grant rights in the renewal term[19] and in this case and *Rohauer* where the author's attempt to do so is disputed by operation of the "second chance" policy of section 24.[20] App. at 22-23.

---

[19] All the language in *Ricordi* relied upon by the Majority and the commentators was *dictum*. Rather than overruling *Edmonds v. Stern*, 248 F.2d 897 (2d Cir. 1918), and its "new property" rationale that a derivative work once lawfully created does not require further consent for use, *Ricordi* cites *Edmonds* without comment. Nothing in *Ricordi* states that the owner of the derivative *opera* was prevented from future use of that work; Ricordi was only held prevented from making a new work, a movie, because he had never been granted that right. *Ricordi*, 189 F.2d at 471-72.

[20] The Majority decision below thus misapplied the judge-made "new estate" and "free and clear" imagery of those decisions which was never intended to describe section 24's impact on a co-equal derivative copyright.

The Majority attributes its rejection of *Rohauer* to the Majority's reliance on *Miller Music*, App. at 23-24, relying on *Miller Music*'s statement that the assignee before it only had a contingent interest to acquire the entire renewal copyright that was defeated by the author's death and the statutory successor's renewal. But, this confuses the issue of *ownership* of the Story renewal copyright with the quite different question of whether section 24 was intended by Congress to make enjoyment of a derivative work's copyright contingent on the Story author's death. Dissent, App. at 45. *This statutory and policy issue was not before this Court in Miller Music. Rohauer*, 551 F.2d at 490; Dissent, App. at 44-46.

The Majority opinion below, App. at 28, accuses *Rohauer* of overlooking section 24 policies that "favor the author." But section 24's "second chance" policy favors *all authors*, whether of a derivative work or a prior work.[21] By arguing that its ruling is supported by the Story author's supposed failure to foresee and to reap the benefits of new technology, the Majority conflicts with this Court's holding in *Fred Fisher*. App. 28 to 29. The beneficiary of technological advances is determined by the terms of the grant. *See Cohen v. Paramount Pictures Corp.*, 845 F.2d 851, 855 (9th Cir. 1988).[22] If the Story's

---

[21] The Majority's criticism of *Rohauer* because it did not discuss the "compulsory family bequest" function of section 24 is inapt. First, a derivative work's family has the same right to protection. Second, when a renewal vests in an executor, an author is not "compelled" to leave the renewal to his family.

[22] Here, Woolrich's 1945 assignment expressly granted petitioners' predecessors the right to unlimited theatrical and

(Continued on following page)

author had lived to renew, under *Fred Fisher, supra*, petitioners would have been able to make new films too.

The decision below attempts to distinguish itself from *Rohauer* with two "new" arguments. First, it mistakenly relies on testimony[23] from a 1908 legislative hearing to infer that Congress, in 1909, "exempted" composite works from the need to obtain renewal rights from joint authors because Congress was concerned about the "contingent" nature of an author's renewal right and its effect on derivative works. App. at 25. But, Congress gave "proprietors", not authors, of composite works the right to the *first and renewal terms* and expressly stated its *sole* purpose was *convenience*: "contributors to such a work might number hundreds and be scattered over the world," H.R. 60-2222, at 14-15 (1909). B. Ringer, Copyright Office Study No. 31, "Renewal of Copyright", 86th Cong. 2d Sess. (Comm.Print 1961), at 129-31.[24]

(Continued from previous page)

television exhibitions and the benefits of all future technology for any film made under the grant. App. at 79-80, ¶ 3.

[23] The testimony at most discussed the problem of conflicting *ownership* claims to the *same copyright*. It did *not* discuss the impact of renewals on derivative works.

[24] The Majority's conclusion that "significantly, Congress did not include a similar exemption for derivative works", App. at 25, betrays a fundamental misunderstanding about what is a derivative work. A "composite" work, like any other work, might or might not also be a derivative work depending on whether it includes works already protected by copyright. *E.g.*, petitioners' film is both a composite and a derivative work.

Second, the Majority below mistakenly believed that its interpretation of the 1909 Act was compelled by Congressional intent in 1976. App. at 29-31. The Majority noted that the 1976 Congress did not apply the "derivative work exemption" retroactively to existing works under Section 304 of the 1976 Act (until after their 56th year), and thus "presume[d]" a Congressional intent to adopt a view of some commentators[25] that the statutory successor of the author of an underlying work could veto the continued distribution of the derivative work. App. at 30-31. This reading turns logic on its head. The 1976 Congress *only* chose *not to* abandon the renewal scheme for existing works because to "cut off or alter . . . the present expectancies . . . the subject of existing contracts . . . would be unfair and immensely confusing." H.R. 94-1476, 94th Cong. 2d Sess., at 139 (1976). It only applied the new termination right to the new 19 year renewal extension. There was no need to apply the section 304 *exemption* (to the new termination right) retroactively (to the first 56 years of pre-1977 copyrights) when the new termination *right* itself was not made retroactive. Congress left interpretation of the 1909 Act to the courts.

Once the false veneer of legislative mandate is stripped away, the Majority opinion below is revealed as simply a "share-the-wealth" compromise, Dissent at App. 52, that is naive and destructive. The Majority dismisses

---

[25] *Rohauer*, which decided the issue in 1977 as a case of first impression, treated such commentary as conflicting and inconclusive. 551 F.2d at 492-93. In 1985, this Court carefully avoided characterizing the significance of such commentary. Note 35, *infra*

as "remote"[26] the likelihood that speculator plaintiffs armed by the Majority opinion with a "veto" power will withhold a license on "fair" terms to permit the continued exercise of derivative work copyrights. App. at 27, n. 15. But there is a world of difference between negotiating a license *after*, rather than *before*, the defendant has invested the time and money to create a complex derivative work. For example, even after the *Rohauer* decision, respondent Abend demanded 50% of petitioners' *gross receipts* (after deduction of advertising costs) to license the re-release of the Rear Window Film. Nothing in the 1909 Act or the legislative history evidences a Congressional intent to impose a "death tax" on derivative work copyrights. Besides, if the statutory successor possesses the right to veto, it may refuse to license on any terms. *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1931).

Not convinced by its own argument that mutual interest will moderate any veto power, App. at 27, n. 15, the Majority opinion below "legislates" a new rule that no injunction may issue in a *Rohauer* situation to stop the continued use of a "classic" film[26a] because the possible deprivation to the public would constitute "great public injury". App. at 32. Such a rule violates copyright pol-

---

[26] Congress made a contrary finding in creating the "derivative-works exception" to the new statutory termination right it created in 1976 to continue the "second chance" policy of the old two-term scheme. It did so to avoid the uncertainty created under section 24 and also to avoid the current practice "in which third parties have bought up contingent future interests as a form of speculation." H.R. 94-1476, at 127.

[26a] Uncertainty before *Rohauer* had caused withdrawal of important derivative works, a form of "copyright death". *Mills Music*, 469 U.S. 183, n. 8 (1985)(dissenting op.).

icy and is unworkable. It would turn courts into film critics and social arbiters. Application of copyright law is not supposed to depend on a court's judgment about artistic merit. *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251-52 (1903). The Copyright Acts make no distinction between "classic" and other derivative works. More practically, the decision below ignores the chilling effect of the remaining copyright infringement remedies[27], including section 504 that not only forces an infringer to disgorge its profits attributable to the infringement, but places upon the infringer the burden of proof to show (at the peril of paying up to 100% of its gross revenues) what portion of its revenues constitutes profits and what portion of its profits is not attributable to the infringement. 17 U.S.C. § 504(b). This *ad hoc* approach presents an expensive dilemma to derivative-work copyright owners who must decide *in advance* whether to risk the millions of dollars needed to promote and distribute a film.

II. THE NINTH CIRCUIT HAS DECIDED AN IMPORTANT QUESTION OF FEDERAL COPYRIGHT LAW WHICH HAS NOT BEEN, BUT SHOULD BE, SETTLED BY THIS COURT.

Parts II and III of the Majority opinion involve a question of exceptional importance because the Majority's rule: (1) will shorten the already limited duration of valuable copyrights; (2) will occasion immediate claims

---

[27] An "infringer" is also subject to liability for statutory damages, attorneys fees and must bear the risk of imprecise damage calculations. 17 U.S.C. §§ 504(c), 505; 3 *Nimmer*, § 14.02[A], n. 21.

against at least hundreds of existing derivative works;[28] and (3) will discourage the use of certain pre-1978 copyrighted works in future derivative works.[29] The question has never been resolved by this Court and now requires its immediate attention. Sup. Ct. R. 17 (c).

---

[28] Respondent Abend, a "literary researcher", has determined that at least 600 films have the same "reversion" problem as the instant case. He has acquired at least 100 such renewal copyrights for himself and clients. Mr. Rohauer owned renewals underlying at least 200 films. All other similarly situated derivative works that incorporate portions of prior works will be affected. Abend's counsel have predicted that hundreds of suits will result from the majority opinion below. See, *e.g.*, Daily Variety, 12/28/88, at p.2, col. 1; Los Angeles Dialy J., 12/28/88, p.1.

[29] An author whose pre-1978 work is due to be renewed in 5-10 years may not find anyone willing to use it in a new derivative work if the right to continue use of the latter work may be suspended. Because the 1976 Copyright Act continued the two-term scheme for works copyrighted prior to January 1, 1978, 17 U.S.C. § 304(a), the majority opinion below warns potential users of pre-1978 works that they acquire rights at their peril at least until the year 2005, the last year in which all pre-1978 works will either have been renewed or lapsed for failure to renew. This veto power will exist for at least the first 28 years of renewal (for some works, until the year 2033); constitutional considerations may prohibit such a veto during the additional 19-year period tacked on by the 1976 Act. 17 U.S.C. § 304(a). See Time Line, App. 84. 1 *Nimmer*, § 1.11; *Roth v. Pritikin*, 710 F.2d 934, 939 (2d Cir.), *cert. denied*, 464 U.S. 961 (1983). Thus, a derivative work that incorporates a work first copyrighted in 1977, could be kept off the market for the period of the first work's 47-year renewal term from the year 2005 to 2052 if the first author dies before renewal.

A. Section 24 Presents Special Problems of Interpretation

Interpretation of section 24 has always been difficult because "after years of consideration and study, one of the most important provisions of the Bill [was] pieced together hastily and enacted without any real analysis of the consequences." B. Ringer "Renewal of Copyright," Copyright Office Study No. 31, 86th Cong. 2d Sess., at 121 (Comm. Print 1961).[30] The problem evolves from the fact that the renewal copyright established in the Act of 1831 and elaborated in the Act of 1909 "is a unique form of property whose nature and theoretical basis are still unclear." *Id.* at 124. This Court has previously warned that because section 24 contains ambiguities not resolved by a literal reading, the statute must be read as a whole. *DeSylva v. Ballantine*, 351 U.S. 570, 573 (1956). When the Act is ambiguous, it is to be construed to promote the primary purpose of public access. *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).

Although from 1909 to 1977 the issue in this case was never decided, commentators groped to predict the likely result based on *dicta* and inapt analogies, including judge-made rules and imagery – describing the renewal term as a "new estate" being "free and clear" of prior grants by the author.[31] *Rohauer*, 551 F.2d at 490-93. How-

---

[30] Ms. Ringer is a former Register of Copyright. *Mills Music*, 469 U.S. at 174, n. 42.

[31] The "new estate" and "free and clear" language is not found in the statutes or the legislative reports. This imagery found in most modern cases, can be traced to *White-Smith Music Pub. Co. v. Goff*, 187 Fed. 247, 250 (1st Cir. 1911) which reasoned from "well-settled principles applicable to ordinary

(Continued on following page)

ever, this Court has not allowed the "new estate" imagery used to solve one issue under section 24 to create untoward results in the resolution of another, preferring instead to resolve ambiguities by reference to the practical impact of the entire section. *Fox Film Corp. v. Knowles*, 261 U.S. 326, 329 (1923) (fact that "new estate" did not yet exist when author made will bequeathing it to executor would not defeat bequest); *Fred Fisher, supra*, (author may assign "new estate" before it vests).

Renewals under Section 24 raise at least three issues, which though related involve differing policies: (1) who may renew; (2) may ownership of the renewal be assigned before it vests; (3) what impact does renewal of an underlying work have on a derivative work?

Almost immediately after the 1909 Act, the question arose as to the identity of the persons who could renew. The Attorney General opined that only the persons specified by statute, not assignees, could renew, but hastened to add "who may possess the legal or equitable right in the copyright after renewal . . . is to be determined by the terms of such contract as the author . . . may have entered into before or after the renewal is had." 28 Op. Att'y. Gen. 162, 166 (1910). This view was promptly confirmed in *White-Smith Music Pub. Co. v. Goff*, 187 Fed. 247 (1st Cir. 1911). *See Silverman v. Sunrise Pictures Corp.* 273 Fed. 909, 911 (2d Cir. 1921).

In 1943, this Court held that authors could assign rights in their future copyright renewal terms, rejecting

---

(Continued from previous page)

things," and to *Silverman v. Sunrise Pictures Corp.*, 273 Fed. 909, 911 (2d Cir. 1921)(assumed for sake of argument *only* in *Fox Film Corp. v. Knowles*, 261 U.S. 326, 329 (1923)).

the argument that the policy implicit in the "second chance" nature of renewal prohibited such transfers. The Court decided that as a practical matter a prohibition against transfer might make renewal "worthless to [an author] when he is most in need." *Fisher Music*, 318 U.S. at 657.

In 1960, in a dispute over *ownership* of a copyright renewal to a *single* copyright, this Court decided that the author's death before renewal meant that the statutory successor and not the publisher-assignee would own the renewal. *This Court did not have before it or discuss the impact of renewal on a competing derivative work. Miller Music*, 362 U.S. 373 (1960)[32].

B. The Lower Courts Are Split On the Issues Presented Here

A more complex situation exists where, as here, the issue is whether vesting of the renewal copyright in an author's statutory successor was meant, *as a matter of copyright law*, to suspend contractual and statutory rights so that the old matter from a prior work may no longer be used in an existing derivative work.

The first case to address the relationship between underlying and derivative works under the 1909 Act, *Edmonds v. Stern*, 248 F.2d 897, 898 (2d Cir. 1918), held that a new property right sprang into existence in a

---

[32] *Miller Music*, decided on a 5-4 vote, is quite unusual since it rests upon a *concession* of counsel that if the statutory successor were a widow, child or next of kin, they would prevail. The sole issue for decision was whether executors should be afforded the same treatment as other statutory successors. 362 U.S. at 375 and 382 dissenting opinion).

derivative work under section 7 whose exercise was unaffected by the fact that the derivative work owner did not own rights in the copyright in the prior work.

The next case even arguably to deal with the issue, *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.) *cert. denied*, 342 U.S. 849 (1951)(the "Madame Butterfly" case) came to be associated with a contrary view. Under the so-called "broad interpretation" of *Ricordi*, a derivative work was deemed subordinate to the prior work copyright and renewal of the prior work by a statutory successor cut off prior grants to continue the distribution of any derivative work. A "narrower interpretation" distinguished the *dicta* in *Ricordi*, pointing out that (1) *Ricordi* cited *Edmonds* with approval, (2) the only issue posed and decided by *Ricordi* was whether the derivative work (opera) owner could make a *new* work (a movie), and (3) the author of the prior work never purported to grant the derivative work owner more than an interest in *the first term* of the underlying copyright. Although Barbara Ringer's Study No. 31, *supra*,[33] and others adopted the broader interpretation of *Ricordi*, the Second Circuit in *Rohauer* adopted the narrower interpretation.[34] See note 19 and accompanying text. Four

---

[33] The future Register of Copyright based her tentative conclusion ("It would seem") on *Ricordi* and similar *dicta* in earlier decisions. B. Ringer, *supra*, at 169; *Rohauer*, 551 F.2d at 492.

[34] Curiously, the majority below dismisses *Rohauer*'s narrow interpretation of *Ricordi*, thereby implying that the Second Circuit does not know how to read its own precedent. App. at 20-22. The majority also second-guesses the Second Circuit with respect to *Gilliam v. American Broadcasting Cos.*, 538 F.2d 14

(Continued on following page)

Justices of this Court have noted (without contradiction) that *Rohauer's* narrower interpretation of *Ricordi* is the prevailing view.[35] Although later decisions of the Second and Ninth Circuits would not apply the *Rohauer* rule if no conflicting copyrights existed, note 17, *supra*, no decision conflicted with *Rohauer* until the decision below.

C. This Court Has Left This Issue Unresolved

Although the Majority opinion below acknowledges that *Rohauer* and this case involve conflicting copyrights, a situation not present in *Miller Music* or *Ricordi*, it holds this difference to be irrelevant. App. at 26, n.14. It reads *Miller Music* to hold, that for *all purposes* and *in all circumstances*, if the author dies and the successor renews, the

---

(Continued from previous page)

(2d Cir. 1976). App. at 26, n.14. *Gilliam* was distinguished in the appellee's brief to the *Rohauer* court on the ground that Gilliam's specific holding was based on contract, not copyright principles. Dissent, App. at 49; Petitioner's Op. Br. at 15, n. 21. Perhaps the majority's treatment of *Gilliam* was effected by its mistaken belief that *Gilliam* was decided *after* the *Rohauer* decision. App. at 20, n. 9.

[35] In 1985, construing the analogous derivative works exception in section 304 of the 1976 Act, four dissenting Justices of this Court (without contradiction by the majority), reviewing the debate under the 1909 Act, noted that the *Rohauer* decision had distinguished *Ricordi* and represented the "prevailing view" on the issue before this Court. *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 183 n.7 (1985)(White, J. dissenting). Dissenting op. below at App. 44 n.1. The majority of this Court in *Mills Music* was careful not to adopt a broad reading of *Ricordi* by referring to respondents' characterizations of *Ricordi* as: "they assert", "according to respondents", "some observers apparently believed". 469 U.S. at 176, n. 45.

derivative work owner has *never* received rights to permit continued use of the derivative work. *Ibid*. This begs the issue never decided by this Court: did Congress intend that renewal by the prior work's successor would disrupt continued use of the derivative work whose rights arose from the same statute?[36] The policies of sections 7 and 24 are best accommodated by Judge Friendly in *Rohauer*, not by the decision below.

D. "Fair Use" Provides an Additional Rationale for the Rohauer Result

Even if this Court were to conclude that section 24, as construed by *Miller Music*, stands as a technical impediment to the *Rohauer* result, the same result could be reached under the "fair use" doctrine codified by section 107 of the 1976 Act.[37] The opinion below, Part III, overlooked that the statutory "fair use" factors are neither exclusive nor *conclusive*, but intended to help focus attention on the overall fairness of the use based on an "equitable rule of reason". *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 549, 560 (1985). The defense is said to be based on the fiction of "implied

---

[36] Unlike the situation where the author refused to grant such right in the first instance, (*e.g., Ricordi*), a matter of *contract* interpretation; this case and *Rohauer* involve instead, the *copyright policy* question whether *copyright law should* cut off the right of continued use. C. Ellingson, "The Copyright Exception for Derivative Works and the Scope of Utilization," 56 *Ind.L.J.*1, 23-27 (1980); P. Jaszi, "When Works Collide: Derivative Motion Pictures, Underlying Rights, and the Public Interest," 28 *UCLA L.Rev.* 715, 807-09 (1981).

[37] The Second Circuit found it unnecessary to reach the "fair use" defense in *Rohauer*, 551 F.2d at 495.

consent" and is often applied to avoid rigid applications of the Copyright Act that occasionally stifle desired creativity. *Id.*, at 550-551 & n.3. Here, the consent of the author, Woolrich, was actual not implied, and would be thwarted, if at all, by a rigid application of section 24 that would defeat the very copyright creativity intended by sections 7 and 24.

The court below rejected the fair use defense, relying primarily on a misunderstanding of counsel's remarks at oral argument[38] to conclude that the Film's 1983 re-release caused a cable television programmer, Home Box Office, to abandon a project to make a television version of the short story under license from respondent Abend. App. at 39-40.[39]

Even if there were evidence that the re-release of the Film had an adverse impact on the Story, the fair use

---

[38] The Ninth Circuit regularly taperecords oral argument. Ninth Circuit R. 34-4. Petitioners' counsel has obtained a copy of the recorded argument below. The portion of the argument apparently relied upon by the court below is reprinted at App. 85.

[39] The sole and uncontradicted evidence, from an HBO executive deposition, was that the project "fizzled" not because of the Film's re-release, but because the HBO script "wasn't very good" and "it's very hard to cast a remake of a classic film." HBO's executive expressly testified that the lawful "existence" of the Film, not its disputed "re-release" caused the casting problem. Counsel's comments at the Ninth Circuit hearing merely invited the panel to compare the very material differences between the Story and the Film, to appreciate why HBO's script (based solely on the Story) could never be "very good" without using the "new matter" added by the Film. Appellees' Op. Br. at 37. *E.g.*, Mr. Hitchcock credited Woolrich for about 20% of the film's *story*, *not* 20% of the entire *film*.

defense is still available. The same 1976 Congress[40] that codified the "fair use" doctrine under section 107 also determined that the derivative-works exception to the statutory termination provisions of sections 203 and 304 reflected "a practical compromise that will further the objectives of the copyright law while recognizing the problems and legitimate needs of all interests involved." H.R. 94-1476, 94th Cong., 2d Sess., at 124 (1976). The derivative-works exception applies to *all* derivative works and applies without regard to the possible competitive impact of continued use of the derivative work on new works authorized by the author or the author's statutory successor. *Mills Music*, 469 U.S. at 173.

CONCLUSION

For these various reasons, this petition for certiorari should be granted.

June 23, 1989 Respectfully submitted,

LOUIS P. PETRICH
(Counsel of Record)
GARY L. SWINGLE
LEOPOLD, PETRICH & SMITH
A Professional Corporation
2049 Century Park East, Suite 3110
Los Angeles, California
90067-3274
213/277-3333
Attorneys for Petitioners

[40] The fair use and infringement issues in this case, arising from post-1978 activities, are governed by the 1976 Act. Transitional and Supplementary Provision § 112, Pub.L. No. 94-533, 90 Stat. 2541 (1976).

APPENDIX

FOR PUBLICATION

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY, *Plaintiff-Appellant,* v. MCA, INC.; UNIVERSAL FILM EXCHANGE, INC.; JAMES STEWART; PATRICIA HITCHCOCK O'CONNELL, as Co-Executor of the Estate of Alfred Hitchcock and as Co-Trustee of the Assets of the Estate of Alfred Hitchcock; SAMUEL TAYLOR, as Co-Executor of the Estate of Alfred Hitchcock and as Co-Trustee of the Assets of the Estate of Alfred Hitchcock, *Defendants-Appellees.*	Nos. 87-5780; 87-5833; 87-5922 D.C. No. Cv-84-2489-AAH OPINION

Appeal from the United States District Court
for the Central District of California
A. Andrew Hauk, District Judge, Presiding

Argued and Submitted
June 10, 1988 – Pasadena, California

Filed December 27, 1988

Before: Harry Pregerson and David R. Thompson, Circuit Judges, and Paul G. Rosenblatt,* District Judge.

COUNSEL

Peter J.Anderson, Santa Monica, California, for the plaintiff-appellant.

Louis P. Petrich, Los Angeles, California, for the defendants-appellees.

Anne R. Grupp, Culver City, California, for the amicus curiae Turner Entertainment Co.

Stephen A. Kroft, Beverly Hills, California, for the amicus curiae Columbia Pictures Industries, Inc., etc.

OPINION

PREGERSON, Circuit Judge:

Abend, owner of the renewal copyright on the original story on which the motion picture "Rear Window" was based, brought suit against MCA and the trustees and executors of Alfred Hitchcock's estate and assets. Abend's complaint alleges copyright infringement based on defendants' re-release of the "Rear Window" film in theatres, on TV, and on videocassette. The district court granted defendants' motion for summary judgment based on the Second Circuit's decision in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977), and the "fair use" defense. The district court denied defendants' motion for summary judgment based on alleged defects in the story's copyright and also

---

*Honorable Paul G. Rosenblatt, United States District Judge, District Arizona, sitting by designation.

denied plaintiff's motion for summary judgment as to defendants' liability for copyright infringement. Plaintiff appeals the grant of summary judgment for defendants and the denial of his motion for summary judgment. Defendants cross-appeal the denial of their motion for summary judgment based on alleged defects in the story copyright.

BACKGROUND

Plaintiff Abend, a literary agent, acquired from Chase Manhattan Bank the renewal copyrights in several stories written by Cornell Woolrich. Chase Manhattan Bank is the executor of Woolrich's estate. One of these stories, "It Had to Be Murder," was the basis for the 1954 film "Rear Window." The story was first published in February 1942 in *Dime Detective Magazine*. The magazine had a "blanket copyright" in the name of its publisher, Popular Publications, Inc. On April 6, 1943, Popular Publications assigned any rights it had in the story, except the right of magazine publication, to Woolrich, the author. The assignment was recorded in the U.S. Copyright Office.

In 1945, Woolrich agreed to assign the rights to make motion picture versions of six of his stories, including "It Had to Be Murder," to B.G. De Sylva Productions for $9,250. He also agreed to renew the copyrights in the stories at the appropriate time and then assign the same movie rights to De Sylva Productions for the 28-year renewal term. The defendants acquired the movie rights in the story from De Sylva's successors in interest for $10,000.

In 1954, Paramount Pictures produced and distributed "Rear Window," the classic movie version of Woolrich's story "It Had to Be Murder." Alfred Hitchcock directed; Grace Kelly and James Stewart starred.

Woolrich died in 1968 without a surviving spouse or child. He left his property to a trust administered by his Executor, Chase Manhattan Bank, for the benefit of Columbia University. On December 29, 1969, Chase Manhattan Bank renewed the copyright in the "It Had to Be Murder" story pursuant to 17 U.S.C. § 24. In 1972, Chase Manhattan assigned the renewal copyright to the plaintiff Abend for $650 plus 10% of all proceeds from exploitation of the story.

Meanwhile, the film version had been broadcast on the ABC television network in 1971. Plaintiff Abend at that time notified defendants Alfred Hitchcock, James Stewart, and MCA that Abend owned the copyright renewal, but the defendants nonetheless proceeded to enter into a second license with ABC to rebroadcast the movie. In 1974, Abend filed suit against these same defendants, and others, in the U.S. District Court for the Southern District of New York, alleging copyright infringement. To settle the liability for this alleged infringement, Abend dismissed his complaint in return for $25,000.[1]

Three years later, the Second Circuit handed down its decision in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d

[1] The parties both proceed on the assumption that the settlement did not address any of the issues raised in the current appeal.

Cir.), *cert. denied*, 431 U.S. 949 (1977). Relying on that decision, defendants authorized Universal Pictures to re-release the film. The re-release involved making new 35 and 16 millimeter prints of the film for theatrical exhibition in the United States, creating videocassettes and videodiscs of the film, and publicly exhibiting the film in theaters, over cable TV, and through videodisc and videocassette rentals and sales. The re-release generated over $12 million in revenue.

Abend brought suit against Alfred Hitchcock, James Stewart, and MCA – the owners of the "Rear Window" film and the renewal copyright in the film – and Universal Film Exchange, the distributor of the film. Abend's complaint alleges that the re-release constitutes copyright infringement. The complaint further alleges that defendants also interfered with the exercise of Abend's renewal rights in other ways. Specifically, Abend contends that he sought to contract with Home Box Office (HBO) to produce a play and TV version of the story, but that defendants wrote him and HBO stating that neither he nor HBO could use either of the titles – "Rear Window" or "It Had to Be Murder." The complaint alleges that defendants further interfered with Abend's renewal copyright by attempting to sell the right to make a TV "sequel." The complaint also alleges that the re-release of the original movie in itself interfered with Abend's ability to produce other derivative works.

The parties filed cross-motions for summary judgment. Defendants initially filed two motions for summary judgment, one based on *Rohauer*, the other based on alleged defects in the story's copyright. Plaintiff moved for summary judgment as to defendants' liability for

copyright infringement. Defendants then filed a third motion for summary judgment based on a "fair use" defense. At the hearing on the motions, the district court granted defendants' motions for summary judgment based on *Rohauer* and the fair use defense. The court denied plaintiff's motion for summary judgment and defendants' motion for summary judgment which alleged defects in the story's copyright. The plaintiff appeals the district court's grant of summary judgment for defendants and the denial of his motion for summary judgment. Defendants have cross-appealed from the district court's denial of their motion for summary judgment based on alleged defects in the story's copyright.

STANDARD OF REVIEW

We review a district court's grant of summary judgment de novo, viewing the evidence in the light most favorable to the non-moving party, to determine if any genuine issues of material fact exist. *Baxter v. MCA, Inc.*, 812 F.2d 421, 423 (9th Cir.), *cert. denied*, 108 S. Ct. 346 (1987). Whether a use of copyrighted material is a "fair use" is a mixed question of law and fact. *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 105 S. Ct. 2218, 2230 (1985). If the district court found sufficient facts to evaluate each of the statutory factors, the appellate court may decide whether defendants may claim the fair use defense as a matter of law. *Fisher v. Dees*, 794 F.2d 432, 436 (9th Cir. 1986).

DISCUSSION

I. *Did a Defective Copyright Notice or Defective Copyright Renewal Place the Rear Window Story In the Public Domain Before 1970?*

A. Was the Blanket Copyright Notice Defective?

The parties agree that in 1942 Woolrich conveyed to Popular Publications the magazine publication rights[2] in Woolrich's story, "It Had to Be Murder." Woolrich, however, retained all other rights in the story. During the same year, Popular Publications registered in its name a blanket copyright for the issue of *Dime Detective Magazine* that contained, as part of its publication, the story, "It Had to Be Murder." Woolrich did not separately register any copyright for the story. Defendants contend that, under these circumstances, "It Had to Be Murder" was ineffectively copyrighted and therefore entered the public domain. We disagree.

We adopt the Second Circuit's conclusion that where a magazine publisher has purchased limited publication rights in a work "under circumstances which show that the author has no intention to donate his work to the

---

[2] There is no written record of this conveyance. The parties' agreement is based on evidence presented to the district court. The evidence showed that the custom and practice of the time was for authors to convey to publishers only the right to publish the authors' stories in magazines in North America. All other rights were generally retained by the author. Because this practice was standard, there appears to be no disagreement concerning the character of Woolrich's conveyance of rights to Popular.

public, copyright notice in the magazine's name is sufficient to obtain a valid copyright on behalf of the beneficial owner, the author or proprietor [of the work]." *Goodis v. United Artists Television, Inc.*, 425 F.2d 397, 399 (2d Cir. 1970).[3]

In *Goodis*, the Second Circuit addressed a factual situation similar to the one in this case. There, the author of a story granted limited rights to the publisher of a periodical. The publisher registered a blanket copyright in the issue of the periodical that contained the story. The author never separately copyrighted his work. *Id.* at 399.

Under these circumstances, the Second Circuit concluded that the publisher's copyright effectively protected the story and gave the author beneficial ownership of a copyright in the story. In so holding, the court decided that the "doctrine of indivisibility" should not be strictly applied to decide who may copyright a work.

The "doctrine of indivisibility" is a label used to describe the idea that a copyright must be held in full by a single proprietor and may not be partially assigned. *See generally* 3 *Nimmer on Copyright* § 10.01, at 10-4 to 10-19 (1988) ("The Doctrine of Indivisibility Under the 1909

---

[3] In *Runge v. Lee*, 441 F.2d 579, 581 (9th Cir.), *cert. denied*, 404 U.S. 887 (1971), we cited *Goodis* with approval for the proposition that a magazine's copyright of a work gives the author beneficial ownership of a copyright in the work. It is not clear from the facts of *Runge*, however, if the author in that case separately registered a copyright in the work. *See id.* at 580. We therefore do not assume that *Runge* fully adopted the holding of *Goodis*.

Act"). Under the doctrine, a "licensee" of a copyright – i.e., someone who holds only partial copyright privileges – may not copyright a work in the licensee's name. *See Goodis*, 425 F.2d at 400.

If the doctrine were strictly applied to the facts of this case and to the facts of *Goodis*, the publisher's copyright could not protect the author's interest in the story. This is because the publisher, who holds only partial copyright privileges in the story, could not copyright the story in the publisher's name.

The problem with strictly applying the doctrine of indivisibility in the context of magazine publishing is that it "bring[s] about the unnecessarily harsh result of thrusting the author's product into the public domain when, as here, everyone interested . . . could see [the publisher's] copyright notice and could not have believed there was any intention by [the author] to surrender the fruits of his labor." *Id.* We agree with the Second Circuit that a strict application of the doctrine in this context is not necessary.

As the Second Circuit noted, the doctrine of indivisibility is a judge-made rule that relates primarily to standing. "The most frequently cited policy for applying the indivisibility rule is to avoid multiple infringement actions, each brought by the holder of a particular right in a literary work without joining as co-plaintiff the author or proprietor of the copyrighted work." *Id.*

Despite the doctrine's continued usefulness in the area of standing, it is not necessary to apply it to determine who may register a copyright to protect the author

of a contribution to a periodical. We agree with the Second Circuit's observation that "the important considerations [for this question] are the intention of the parties to obtain copyright and the adequacy of notice to the public; the characterization of the publisher as assignee or licensee is secondary." *Id.* at 403.

Defendants argue that the Supreme Court's holding in *Mifflin v. R.H. White Co.*, 190 U.S. 260 (1903), bars our adoption of the Second Circuit's holding. We are persuaded by the Second Circuit's treatment of that opinion. *See Goodis*, 425 F.2d at 401-02.

In *Mifflin*, the Supreme Court held that a copyright in a publisher's name could not protect the author's interest in a story printed by the publisher. 190 U.S. at 264. In *Mifflin*, the Court was interpreting the requirements of the Copyright Act of 1831, 4 Stat. 436.

The Second Circuit notes that the 1909 Act changed the procedures for copyrighting a work. Before 1909, under the 1831 Act, an author obtained copyright *before publication* by depositing a copy of the title of his work in the district court in the district of his domicile. *Goodis*, 425 F.2d at 401. After 1909, copyright could be obtained *by publishing the work* with notice in conformity with the Act. *Id.* Thus, it was not until after Congress adopted the Copyright Act of 1909 that authors would have reason to assume that "first publication of the work, whether in magazine or book form, would be the means of obtaining copyright." *Id.* at 402. Once the 1909 Act was adopted, it was common for an "author [to] assume[] the publisher would attend to copyrighting the work in his behalf." *Id.*

To extend the Supreme Court's pre-1909 holding to publication transactions conducted after 1909 would "provide a trap for the unwary author." *Id.*

Thus, we find that the Second Circuit's position is not barred by earlier precedent and makes sound practical sense.

B. *Was the Renewal Defective?*

In 1969, the executor of Woolrich's estate renewed the copyright in "It Had to Be Murder" pursuant to section 24 of the 1909 Act. Defendants contend that this renewal was invalid. They interpret section 24 to allow only Popular – the proprietor of the copyright in *Dime Detective Magazine* – to renew the copyright in "It Had to Be Murder," because it was Popular's blanket copyright in the *Magazine* that originally gave copyright protection to the story.[4] Thus, they argue that "It Had to Be Murder" passed into the public domain at the expiration of the original 28-year copyright term when Popular failed to renew the copyright. This contention lacks merit.

The right to renew the copyright in "It Had to Be Murder" is governed exclusively by section 24 of the Copyright Act of 1909, 17 U.S.C. § 24. *See Epoch Producing Corp. v. Killiam Shows, Inc.*, 522 F.2d 737, 743 (2d Cir. 1975), *cert. denied*, 424 U.S. 955 (1976). Originally, section 24 provided in relevant part:

---

[4] This argument assumes a rejection of defendants' previous argument that Popular's blanket copyright of *Dime Detective Magazine* failed to protect "It Had to Be Murder" and placed the story in the public domain.

> [I]n the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work *when such contribution has been separately registered*, the author of such work . . . shall be entitled to a renewal . . . [or, if the author . . . be not living, then the author's executors].

Act of March 4, 1909, c. 320, 35 Stat. 1075 (emphasis added).[5] As originally enacted, section 24 gave authors the right to renew their work, *except*, inter alia,[6] when the work was published under the blanket copyright of a composite work. *See Shapiro, Bernstein & Co. v. Bryan*, 123 F.2d 697, 699 (2d Cir. 1941).

In 1940, Congress amended section 24 (then section 23) by deleting the underlined phrase "when such contribution has been separately registered." Act of March 15, 1940, 54 Stat. 51. The issue here is whether section 24 *as amended* gives the author of a contribution to a periodical renewal rights with respect to that contribution, even when the author did not separately copyright the contribution. The legislative history of the 1940 amendment to section 24 leads us to conclude that it does.

---

[5] Congress reenacted section 24 as section 304(a) under the new Copyright Act of 1976. *See* 17 U.S.C. § 304(a).

[6] Section 24 provides that the right of renewal belongs to the proprietor of the copyright, i.e., the entity under whose copyright the work is published, in three other circumstances: when the work is published posthumously, when it is copyrighted by a corporate body, and when it is published by an employer for whom such work is made for hire. *See Shapiro, Bernstein & Co. v. Bryan*, 123 F.2d 697, 699 (2d Cir. 1941).

The amendment came before Congress twice before it passed.[7] The congressional reports that accompanied the bill on each occasion clearly evince Congress' intent to provide the author of the contribution with a right of renewal. The report that accompanied the bill the first time it went before Congress stated that "[t]he purpose of the bill [is to] . . . restore to the author the right he enjoyed prior to July 1, 1937 [the effective date of section 24], to renew directly in his own name any of his contributions whether separately registered or not." S.Rep. No. 1808, 75th Cong., 3d Sess. 2 (1938). *See also* 83 Cong. Rec. 8297 (1938) (remarks of Senator Lodge describing the amendment's goal providing the author with a right of renewal in his own work).

The second report was less expansive than the first but nonetheless noted:

> The primary purpose of this proposed amendment is to make it possible for authors . . . to save valuable copyrights from falling into the public domain at the end of the first term of 28 years because the contribution to the periodical was not separately registered, although protected by the blanket copyright of the issue of the periodical in which it appeared. Many of such copyrights are falling into the public domain from day to day because the proprietor, i.e., the publishing company of the periodical, has gone out of existence, leaving no successor in interest or any legal representative entitled to renew the copyright.

---

[7] The first time the amendment came before Congress, it passed the Senate but Congress adjourned before the amendment could reach the House floor. *See* 83 *Cong. Rec.* 8297 (1938) (amendment passes the Senate); 83 *Cong. Rec.* 8835 (1938) (referred to House Committee); 83 *Cong. Rec.* 9613 (1938) (Congress adjourns six days later).

> This information comes to us through the authors themselves or their agents, who seek to secure renewal, but upon investigation of the original records it turns out that no separate registration of the work in question had been made and consequently the author or his widow, children, etc., are barred under the law as it stands from exercising the renewal privilege.

H.R. Rep. No. 1612, 76th Cong., 3d Sess. 1 (1940). There was no debate or hearing on the amendment. *See* Brylawski, *Renewal of Copyright in a Magazine Contribution: A Belated View*, 42 Geo. Wash. L. Rev. 737, 749 (1974); *see also* 84 Cong. Rec. 7079 (1939).

In light of this legislative history, we think Congress amended section 24 to give authors the right to renew their contributions to composite works, even when the author's contribution had not been separately registered.

No court directly ruled on this issue, but two courts have noted that the author has the right to renew the copyright in a contribution to a composite work. *Bartok v. Boosey & Hawkes, Inc.*, 523 F.2d 941, 948 (2d Cir. 1975) ("contributors can renew individual contributions"); *Cadence Industries Corp. v. Ringer*, 450 F.Supp. 59, 61 n.5 (S.D.N.Y. 1978) (individual author has right to renew whether or not the copyright in his contribution has been separately registered).

The Copyright Office also views the author as having a right of renewal in an individual contribution regardless of whether it has been separately copyrighted. *See United States Copyright Office, Compendium of Copyright Practices* § 11.8.3, at 11-23 (1973) ("While the proprietor of

a composite work may claim renewal in the work as a whole, the author of an individual contribution, or his beneficiaries, may also claim renewal in his contribution"); *see also United States Copyright Office, Compendium of Copyright Practices* § 1317.05, at 1300-24 (1984) (similarly interpreting Copyright Act of 1976).

Consistent with the plain language of section 24, its legislative history, the views of other courts, and the position of the Register of Copyrights, we hold that section 24 gives the author of a contribution to a periodical a right of renewal with respect to that contribution, even when the author has not separately copyrighted the contribution.

II. *Are Defendants Entitled to Summary Judgment as a Matter of Law Based on the Second Circuit's Decision in Rohauer v. Killiam Shows, Inc.?*

As owner of the renewal copyright in Woolrich's story "It Had to Be Murder," Abend argues that defendants' re-release of the movie "Rear Window" in theaters, on cable TV, and on videocassette constitutes infringement of the renewal copyright. Defendants argue that they have the right to continue to exploit "Rear Window" during the 28-year renewal period without regard to Abend's ownership of the renewal copyright in the underlying story, "It Had to Be Murder," because Woolrich agreed to assign to defendants' predecessors in interest the motion picture rights in the underlying story for the renewal period. The lawsuit arises because Woolrich died before he could obtain the renewal copyright. To

resolve this controversy, we must reconcile two competing interests: the interest of the owner of the renewal copyright in an underlying work, i.e., the story, to exclusive use of that work during the 28-year renewal period, and the interest of the owner of the derivative work, i.e., the film, in its continued exploitation. To do so, we must construe two provisions of the Copyright Act of 1909. 17 U.S.C. §§ 7.24 (1909 Act).

Section 24 provides that an author or a designated statutory successor (widow, child, or executor) may, within one year prior to the expiration of the original 28-year copyright term, renew the copyright in a work for an additional 28 years. The plaintiff argues that the statutory successor, from whom he acquired the renewal copyright, took the renewal right under section 24 free and clear of any purported assignments of any interest in the renewal copyright, and that defendants' publication and distribution of the "Rear Window" film therefore infringes his renewal copyright.

Defendants argue that Woolrich's earlier consent to the creation of the movie "Rear Window" and his agreement to assign motion picture rights in the story for the renewal period to their predecessors in interest, once renewal had been accomplished, gives them the right to continue to exhibit the film during the renewal period, even though the author died before effecting renewal of the copyright. To support their position, defendants rely on section 7 of the 1909 Act, 17 U.S.C. § 7 (1909 Act), which gives limited copyright protection to derivative works such as a motion picture based on the underlying copyrighted story. Section 7 states that:

> Compilations or abridgments, adaptations, arrangements, *dramatizations,* translations, or other versions of works in the public domain or *of copyrighted works when produced with the consent of the proprietor of the copyright in such works . . . shall be regarded as new works [i.e. a derivative work] subject to copyright under the provisions of this title;* but the publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed . . . or be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works.

17 U.S.C. § 7 (1909 Act). (Emphasis added.)

Defendants and the district court both rely primarily on the Second Circuit's decision in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977), which held that statutory successors to the renewal copyright in an underlying work under section 24 could not "deprive[] the proprietor of the derivative copyright of a right, stemming from the § 7 'consent' of the original proprietor of the underlying work, to use so much of the underlying copyrighted work as already has been embodied in the copyrighted derivative work, as a matter of copyright law." *Id.* at 492. For the reason set forth below, we reject this conclusion.

A. *The Rohauer Decision*

Rohauer involved the 1926 movie, "The Son of the Sheik," based on a novel written by Edith Maude Hull. Hull obtained the copyright in the novel in 1925, and subsequently assigned the motion picture rights to Moskowitz. Hull also agreed to renew the copyright and assign the motion picture rights during the renewal term to the purchaser Moskowitz. *Id.* at 486. In 1926, a movie

based on Hull's story was produced and copyrighted. The owners of the movie renewed the derivative copyright *on the movie* in 1954, and in 1961 sold this copyright to Gregstan Enterprises, Inc., a corporation headed by Paul Killiam. Gregstan assigned the renewal copyright to defendant Killiam Shows, Inc. in 1968. Mrs. Hull died in 1943. Her daughter renewed the underlying copyright *on the novel* in 1952 under section 24, and, in 1965, assigned the movie and television rights to Rohauer. On July 13, 1971, the original movie aired on WNET, the New York public television station, using a tape made from a print obtained from defendant Killiam Shows. Rohauer sued for copyright infringement. *Id.* at 486-87.

1. *Reconciling Sections 7 and 24*

Judge Friendly, writing for the Second Circuit, saw his task as reconciling the first clause of section 7, which grants copyright protection to derivative works, with the section 24 provision for renewal of the underlying copyright. In *Rohauer*, the Second Circuit found that no prior cases addressed this question, and then relied on the "new property right" theory propounded in *Edmonds v. Stern*, 248 F. 897 (2d Cir. 1918), and on the relative "equities" to hold that defendants' broadcast of the "Son of the Sheik" movie did not infringe the renewal copyright in the underlying novel. *Rohauer*, 551 F.2d at 490-93.

In *Edmonds v. Stern*, the Second Circuit held that the owners of a derivative copyright in an orchestral arrangement of a song had a property right "wholly separate and independent" from the property right in the underlying song. 248 F. at 898. According to the court, when the author of the original work gave consent to the creation

of a derivative work, "a right of property sprang into existence, not at all affected by the conveyance of any other right." *Id.* The Second Circuit in *Rohauer* viewed its holding as "only a slight extension" of the *Edmonds* decision. 551 F.2d at 492.

Abend argues that *Rohauer's* adoption of the new property right theory to reconcile sections 7 and 24 violates the traditional rule that "a derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work." *Russell v. Price*, 612 F.2d 1123, 1128 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980). Shortly before *Rohauer*, the Second Circuit affirmed the traditional rule in *Gilliam v. American Broadcasting Co.*, 538 F.2d 14 (2d Cir. 1976). In *Gilliam*, plaintiffs, a group of writers and performers, sought to enjoin ABC from broadcasting edited versions of programs that plaintiffs had written and performed for broadcast by BBC. The scriptwriters' agreement between plaintiffs and BBC gave the plaintiffs maximum control over the script and precluded BBC from altering a program once it was recorded. *Id.* at 17. BBC licensed the programs to Time Life Inc. for distribution, which in turn entered into an agreement with ABC for broadcast of the programs. Prior to broadcast, the programs were severely edited. Plaintiffs described the editing as "mutilation." *Id.* at 18. They successfully argued that the editing of the program – the derivative work – infringed plaintiffs' copyright in their script – the underlying work. The court held that section 7 provided protection for the derivative work, so long as it did not affect the "force or validity" of the underlying copyright. But, according to the Second Circuit in *Gilliam*, ownership of the derivative copyright

does *not* carry with it the right to "affect the *scope* or ownership of the copyright in the underlying script." *Id.* at 20 (emphasis added). The Second Circuit in *Gilliam* firmly declared that "the ability of the copyright holder to control his work remains paramount in our copyright law."[8] *Id.* at 21.

Abend also contends that *Rohauer's* adoption of the "new property right" theory fails adequately to distinguish precedent, particularly *G. Ricordi & Co. v. Paramount Pictures Inc.*, 189 F.2d 469 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951).[9] In *Ricordi*, Long, the author of the novel

---

[8] The parties dispute what effect, if any, section 7's provision that the publication of a derivative work "shall not affect the force or validity" of the copyright on the underlying work has on this case. Abend argues that the defendants' exploitation of the "Rear Window" film impairs the "force or validity" of the copyright in the underlying story in violation of section 7. Defendants argue that section 7's "force or validity clause" was not intended to apply to this situation at all. *Rohauer* supports the defendants' argument. In *Rohauer*, the Second Circuit stated that the "force or validity clause" had no bearing on the issue presented. *Rohauer*, 551 F.2d at 489-80. Because we hold that this case is controlled by the Supreme Court's decision in *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960), which held that statutory successors to renewal copyrights take free and clear of all purported assignments of the renewal right when the author dies before effecting renewal, we need not decide whether or how section 7's "force or validity" clause bears on this issue.

[9] Nimmer argues that the Second Circuit at least twice repudiated the new property right theory – before *Rohauer* in *Ricordi*, after it in *Gilliam*. 1 *Nimmer* §§ 3.07[A] at 3-24. *See also Russell v. Price*, 612 F.2d at 1127 n.13 ("the so-called 'new property rights' theory which [*Rohauer*] . . . seems partially to adopt, had been consistently rejected in earlier decisions. . . . ").

Madame Butterfly, authorized Belasco to write a play based on the novel. Both Long and Belasco subsequently assigned the right to make an opera based on the play to the plaintiff Ricordi. In 1904, Ricordi copyrighted the opera. Later Ricordi obtained the renewal rights to the opera. Long renewed the copyright in his novel in 1925, and, before his death, assigned the movie rights to Paramount, the defendant. At the same time, Paramount acquired from Belasco's trustee the movie rights to the play. Belasco had never effected renewal of the play's copyright. Ricordi sued for a declaration that he was entitled to produce a movie of the opera. The court held that Ricordi's interest extended only to "what was copyrightable as new matter in its operatic version." *Ricordi*, 189 F.2d at 471. According to the court, "[a] copyright renewal creates a new estate, and . . . the new estate is clear of all rights, interests or licenses granted under the original copyright." *Id.* Thus, Ricordi acquired no rights under author Long's renewal, which was clear of all rights granted under the original copyright, and therefore Ricordi could not "make general use of the novel for a motion picture version of Long's copyrighted story. . . . " *Id.*

Abend argues that under *Ricordi*, a renewal copyright creates a new estate that cuts off any rights acquired during the original term of the copyright. *Rohauer*, however, found *Ricordi* distinguishable for a "fundamental reason:" in *Ricordi*, the agreement between the authors and the plaintiff did not purport to extend beyond the original term of Long's copyright; Ricordi had never

bargained for any rights in the renewal term.[10] *Rohauer*, 551 F.2d at 491. By contrast, in both *Rohauer* and the case before us, the authors clearly agreed to assign the motion picture rights to the owners of the derivative work during the renewal term. *Id.*

We find the distinction between *Ricordi* and *Rohauer* unconvincing because in both situations there is no *effective* grant of motion picture rights to make a derivative work during the renewal term. In *Ricordi*, no grant existed because the parties never included renewal rights in the agreement. In *Rohauer* and our case, the agreements evidenced the intention of each author to assign renewal rights, but renewal rights never vested in either author because each died before the time for renewal accrued, i.e. one year prior to the expiration of the original term. In *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960), the Supreme Court held that an assignment of full copyright renewal rights by the author *prior* to the time for renewal – i.e. within one year prior to the expiration of the original 28-year copyright term – *cannot* defeat the right of the author's statutory successor to the renewal copyright when the author dies before the time that the right for renewal has accrued. In *Miller Music*, Black and Daniels composed a song and assigned all rights in it to Villa Moret, Inc., which obtained the original copyright. Before the time when renewal rights accrued, Black assigned his *renewal rights* to Miller Music. Black died before he could effect renewal. His brother became executor and renewed the copyright under

---

[10] *Rohauer* distinguished *Fitch v. Shubert*, 20 F. Supp. 314 (S.D.N.Y. 1937), on the same ground.

section 24, and Daniels ultimately acquired the renewal copyright from Black's brother. Miller Music sued Daniels for infringement. The Supreme Court held for Daniels, stating that "the next of kin obtains the renewal copyright free of any claim founded upon an assignment made by the author in his lifetime. These results follow not because the author's assignment is invalid but because he had only an expectancy to assign. . . ."[11] *Id.* at 375. The Court held that section 24 creates contingency interests, and that "[u]ntil [the renewal period] arrives, assignees of renewal rights take the risk that the rights acquired may never vest in their assignors. A purchaser of such an interest is deprived of nothing. Like all purchasers of contingent interest, he takes subject to the possibility that the contingency may not occur." *Id.* at 378.[12]

Miller Music provides ineluctable authority for Abend's position. Since Woolrich died before the renewal period arrived, his purported assignment of renewal rights is ineffective and irrelevant; the most defendants' predecessors could have acquired was an expectancy in the right to use the story that underlies the derivative work during the story's renewal period. The distinction *Rohauer* draws between cases where the author never agreed to assign renewal rights, like *Ricordi* and *Fitch v.*

---

[11] Of course, in this case, had Woolrich lived until the time for renewal arrived, Paramount could have enforced his agreement to assign to it the motion picture rights in the renewal copyright. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 657 (1943).

[12] The Court concluded by noting that "[w]hether it works at times an injustice is a matter for the Congress, not for us." *Miller Music*, 362 U.S. at 378.

Shubert, 20 F. Supp. 314 (S.D.N.Y. 1937), and cases like ours, where the author's agreement is plainly unenforceable against his statutory successors, is meaningless. *Accord* 1 *Nimmer on Copyright* §§ 3.07[A], at 3-28, 3-29; *see also Mills Music, Inc. v. Snyder*, 469 U.S. 153, 183 n.8 (1985) (White, J., dissenting) ("If an author had assigned his rights in the renewal term at the time that he assigned rights in the initial term, a grantee might safely release a derivative work prepared under authority of the first-term grant. But if the author had died before his renewal rights vested, his statutory successors acquired those rights, and any previous assignment was rendered null." (Citations omitted.)).

Rohauer virtually ignores *Miller Music*. It dismisses *Miller Music* by stating merely that *Miller Music* and other Supreme Court cases "were concerned with the relative rights of persons claiming full assignment or ownership of the renewal term of an underlying copyright," rather than with the competing rights of the owner of a renewal copyright in the underlying work and the owner of the copyright in the derivative work. *Rohauer*, 551 F.2d at 490. The *Rohauer* court fails to explain why this distinction rendered *Miller Music* irrelevant to the case before it.[13] In our view, the fact that *Miller Music* involved competing claims to the underlying copyright weakens defendants' argument. If *Miller Music* makes assignment of the full renewal rights in the underlying copyright unenforceable when the author dies before effecting renewal of the

[13] The defendants here do little better with respect to the case before us. They add only that the Supreme Court "may want to reconsider *Miller Music*."

copyright, then, a fortiori, an assignment of part of the rights in the underlying work, the right to produce [sic][distribute] a movie version, must also be unenforceable if the author dies before effecting renewal of the underlying copyright.

The legislative history behind section 24 lends further support to Abend's position and the Supreme Court's decision in *Miller Music*. In Hearings before the Committees on Patents on the Proposed Copyright Act, Mr. W. B. Hale, representative of the American Law Book Company, discussed the problem of obtaining renewal rights from joint authors of composite works. He testified that:

> it is only possible to cover the right of renewal of the actual author. The right of renewal is contingent. It does not vest until the end. If he is alive at the time of renewal, then the original contract may pass it, but his widow or children or other persons entitled would not be bound by that contract.

Legislative History of the 1909 Copyright Act K77 (E. Brylawski A. Goldman eds. 1976). Congress understood that the renewal right provided by section 24 was to be contingent. Because the contingent nature of the renewal right would cause hardship to owners of composite works, Congress exempted composite works from this aspect of the renewal provision in the 1909 Act. *See* 17 U.S.C. § 24. Significantly, Congress did *not* include a similar exemption for derivative works.[14]

[14] The dissent seeks to distinguish the facts in the instant case and the facts in *Rohauer* from cases such as *Miller Music* and *Russell* by arguing that the instant case and *Rohauer*

(Continued on following page)

2. *The Equities and the 1976 Act*

The *Rohauer* decision and defendants' position ultimately rest on policy considerations. *Rohauer,* found that "the equities lie preponderantly in favor of the proprietor of the derivative copyright." *Rohauer,* 551 F.2d at 493. *Rohauer* correctly observes that "[i]n contrast to the situation where an assignee or licensee has done nothing more

---

(Continued from previous page)

involve two copyrighted works – the underlying work and the derivative work – whereas *Miller Music* and *Russell* involve only one copyrighted work. Dissent at 4. This distinction is not relevant because the critical inquiry is the extent of the defendants' copyright in the derivative work. We recognize that the defendants are entitled to use the "new matter" contained in the derivative work. We conclude, however, based on well-settled principles of copyright law articulated in *Miller Music, Russell,* and the other cases cited above, that the defendants do not have the unrestricted right to use the "old matter" in the derivative work (i.e., the material taken from the underlying work) during the underlying work's copyright renewal period.

The defendants only have two potential bases for their claimed right to use the "old matter" during the copyright renewal period of the underlying work. First, they might argue that the right was transferred to their predecessors by the predecessors of the plaintiffs. As we demonstrate above, the rule articulated by the Supreme Court in *Miller* leads to the conclusion that the predecessors of the plaintiffs did not succeed in transferring the disputed right to the predecessors of the defendants. *See supra* at 23. Second, they might claim the disputed right on the basis of the original copyrighting of the derivative work by their predecessors. We have shown, however, that the traditional copyright rule provides that a derivative copyright protects only the "new matter" contained in the derivative work, not the *old matter." See supra* at 19-22 (citing *Russell, Gilliam,* and *Ricordi*).

than print, publicize and distribute a copyrighted story or novel, a person who with the consent of the author has created an opera or a motion picture film will often have made contributions literary, musical and economic, as great as or greater than the original author." *Id.* The court's own words, however, reveal the flaw in its analysis: the "greater contribution" theory can cut both ways. While the creators of the "Rear Window" movie clearly made substantial and costly contributions to the underlying work, other derivative works protected by the *Rohauer* rule might involve only minimal contributions to the underlying work, Consequently, this rationale alone cannot justify *Rohauer's* holding.

Rohauer's second equity consideration is the inability of the purchaser of the derivative copyright "to protect himself against the eventuality of the author's death before the renewal period" since the author's statutory successors could not be definitely ascertained until that date.[15] *Id.* Again, the Second Circuit raises a legitimate concern, but one the Supreme Court apparently rejected in *Miller Music.* That case put assignees of copyright renewal rights on notice that they were acquiring only a contingent interest, with the risk that the interest might not vest. *Miller Music,* 362 U.S. at 375.

---

[15] Defendants and amici argue that this risk will lead producers to withdraw films from distribution to avoid infringing the copyright in the underlying work. The public will then be denied access to countless classic films. Defendants' and amici's dire prediction, however, seems remote. More likely, owners of the renewal copyright and producers will reach a mutually beneficial financial arrangement which will ensure continued public access to the films.

Moreover, *Rohauer's* exclusive focus on potential unfairness to makers of derivative works overlooks important policies behind section 24 that favor the author. Congress enacted section 24 for two specific purposes. First, Congress sought to provide authors with a "second chance" to reap the benefits of their work, particularly since authors must often negotiate from an unequal bargaining position.[16] Congress recognized that "not infrequently . . . the author sells his copyright outright to a publisher for a comparatively small sum. If the work proves to be a great success and lives beyond the term of twenty-eight years . . . it should be the exclusive right of the author to take the renewal term. . . ." *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 654 (1943) (quoting H. Rep. 2222, 60th Cong., 2d Sess., pp. 14-15).

This concern is more compelling in the case before us. The infringement in *Rohauer* consisted of making one videotaped copy of a print of the film and broadcasting it over a public television station. This case, by contrast, involves a nationwide re-release of the film in theatres, in the video-cassette sales and rental markets, and on cable TV. Clearly, when Woolrich agreed to assign his renewal rights, he could not have foreseen the technological advances which have enabled the authors of the derivative work to expand tremendously their exploitation of

---

[16] Congressional recognition of the need for this protection of authors undercuts *Rohauer's* assertion that authors can protect their heirs by limiting the terms of the assignment. *Rohauer*, 551 F.2d at 493-94.

the film. This development highlights the policy motivating section 24: Congress' desire to give authors a "second chance" to make a better deal. To the extent *Rohauer* depends on equitable considerations, its failure to consider the author's interests under section 24 makes the *Rohauer* result even more problematic.

Second, by enacting section 24, Congress intended to provide protection to the author's family and so extended the renewal right to include the author's surviving family or heirs, should the author die during the original term of the copyright. Section 24 in essence acts as a "compulsory bequest of the copyright to the designated persons." *De Sylva v. Ballentine*, 351 U.S. 570, 584 (1956). In balancing the equities in favor of the derivative copyright owner, *Rohauer* never discusses either of these concerns underlying section 24.

Instead, *Rohauer* looked to the 1976 Copyright Act to support its balancing of the equities. The 1976 Act replaced the two-term scheme established under the 1909 Act with a single term of copyright protection that would last for the life of the author plus fifty years. 17 U.S.C. § 302. This single term, however, applied only to works copyrighted after its effective date, January 1, 1978. For works in copyright prior to that date, the two-term renewal system remained in effect. 17 U.S.C. § 304.

The 1976 Act also provided for an additional 19-year extension for existing renewal copyrights, subject to the right of the author at the end of the 28th year of the original renewal term to terminate any grants or licenses. However, the 1976 Act included an exception for derivative works. The author's right to terminate prior grants or

licences [sic] for the 19-year extension period does not apply to existing derivative works for which the author had *granted 28-year renewal rights*. 17 U.S.C. § 304(c)(6)(a).

Rohauer viewed this exception as evidence of Congress' intent to give "special protection" to derivative works. *Rohauer*, 551 F.2d at 494. While Congress may, indeed, have intended section 304(c)(6)(a) to provide additional protection in 1976, Congress' intent regarding the 1976 Act does not shed any light on the meaning of the 1909 Act. By its terms, section 304 only applies to the additional 19-year period. Abend persuasively argues that *Rohauer* thus does what Congress declined to do – apply the termination exception retroactively to the 28-year renewal period. When Congress enacted the 1976 Act, the prevailing view was that the owners of the renewal copyright in the underlying story could "veto" the continued use of the derivative work.[17] *Miller Music*,

---

[17] Defendants argue that in Justice White's discussion of the 1909 Act, he and the three Justices who concurred in his dissent "approved" of *Rohauer*. *See Miller Music*, 469 U.S. at 183 n.7. Defendants overstate the case. In the footnote to which defendants refer, Justice White provides support for his statements regarding the renewal rights veto power over continued use of derivative works. Describing this view as the "broad interpretation," Justice White cites *Rohauer* in concluding that "[a] narrower interpretation eventually prevailed, but not until after passage of the 1976 Act." *Id.* This comment indicates neither approval nor disapproval by those four Justices. Nor does it carry much weight as an observation. In the text of the dissent, Justice White accepts as the "prevailing *understanding*" that the owner of renewal rights had "veto power" over continued use of a derivative work. *Id.* at 183.

469 U.S. at 183 (White, J., dissenting). We can reasonably presume that Congress knew of this prevailing view when it enacted the 1976 Act and chose not to alter the balance. *Cf. Miller Music*, 469 U.S. at 172.

Neither the equities, precedent, nor Congressional intent justify us in changing the balance between owners of renewal copyrights in underlying works and owners of the copyright in derivative works when Congress has refrained from doing so. We therefore hold that defendants' continued exploitation of the "Rear Window" film without Abend's consent violates Abend's renewal copyright in the underlying story "It Had to Be Murder," unless the defendants can establish any affirmative defenses.[18]

Our holding does not mean, however, that the equities of this case have no bearing on its outcome. We are mindful that this case presents compelling equitable considerations which should be taken into account by the district court in fashioning an appropriate remedy in the event defendants fail to establish any equitable defenses. Defendants invested substantial money, effort, and talent in creating the "Rear Window" film. Clearly the tremendous success of that venture initially and upon re-release

---

[18] For the reasons discussed in the next section, we hold that defendants cannot characterize their use of the underlying story as a "fair use" to avoid liability for infringement. Defendants raise other equitable defenses to Abend's infringement action, in addition to fair use. Because defendants have not had the opportunity to present these other defenses fully, *see* discussion at IV, *infra*, the district court should consider these defenses on remand.

is attributable in significant measure to, inter alia, the outstanding performances of its stars – Grace Kelly and James Stewart – and the brilliant directing of Alfred Hitchcock. The district court must recognize this contribution in determining Abend's remedy.

The district court may choose from several available remedies for the infringement. Abend seeks first an injunction against the continued exploitation of the "Rear Window" film. 17 U.S.C. § 502(a) provides that the court "*may* . . . grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright."[19] Defendants argue (in an attempt to persuade us to accept *Rohauer*) that a finding of infringement presumptively entitles the plaintiff to an injunction, citing Professor Nimmer. *See* 3 M. Nimmer, *Nimmer on Copyright* § 14.06[B] at 14-55 to 14-56.2 (1988). However, Professor Nimmer also states that "where great public injury would be worked by an injunction, the courts might . . . award damages or a continuing royalty. instead of an injunction in such special circumstances." *Id.* at 14-56.2.

We believe such special circumstances exist here. The "Rear Window" film resulted from the collaborative efforts of many talented individuals other than Cornell Woolrich, the author of the underlying story. The success of the movie resulted in a large part from factors completely unrelated to the underlying story. "It Had to Be

---

[19] We apply the remedy provisions of the 1976 Copyright Act because the infringement occurred after 1977. *See Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 754 (9th Cir. 1978), *cert. denied*, 439 U.S. 1132 (1979).

Murder." It would cause a great injustice for the owners of the film if the court enjoined them from further exhibition of the movie. An injunction would also effectively foreclose defendants from enjoying legitimate profits derived from exploitation of the "new matter" comprising the derivative work, which is given express copyright protection by section 7 of the 1909 Act. Since defendants could not possibly separate out the "new matter" from the underlying work, their right to enjoy the renewal copyright *in the derivative work* would be rendered meaningless by the grant of an injunction. We also note that an injunction could cause public injury by denying the public the opportunity to view a classic film for many years to come.

This is not the first time we have recognized that an injunction may be an inappropriate remedy for copyright infringement. In *Universal City Studios v. Sony Corp. of Amer.*, 659 F.2d 963, 976 (9th Cir. 1981), *rev'd on other grounds*, 464 U.S. 417 (1984), we stated that Professor Nimmer's suggestion of damages or a continuing royalty would constitute an acceptable resolution for infringement caused by in-home taping of television programs by VCR – "time-shifting." *See also Sony Corp. v. Universal City Studios*, 464 U.S. 417, 499-500 (1984) (Blackmun, J., dissenting).

As the district court pointed out in the *Sony* case, an injunction is a "harsh and drastic" discretionary remedy, never an absolute right. *Universal City Studios v. Sony Corp. of Amer.*, 480 F. Supp. 429, 463, 464 (C.D. Cal. 1979), *rev'd on other grounds*, 659 F.2d 963 (9th Cir. 1981), *aff'd* 464 U.S. 417 (1984). Abend argues nonetheless that defendants' attempts to interfere with his production of new

derivative works can only be remedied by an injunction. We disagree. Abend had not shown irreparable injury which would justify imposing the severe remedy of an injunction on defendants. Abend can be compensated adequately for the infringement by monetary compensation. 17 U.S.C. § 504(b) provides that the copyright owner can recover actual damages and "any profits of the infringement that are *attributable to the infringement* and are not taken into account in computing the actual damages." (Emphasis added.)

The district court is capable of calculating damages caused to the fair market value of plaintiff's story by the re-release of the film. Any impairment of Abend's ability to produce new derivative works based on the story would be reflected in the calculation of the damage to the fair market value of the story. In *Cream Records, Inc. v. Jos. Schlitz Brewing Co.*, 754 F.2d 826, 827 (9th Cir. 1985), for example, the plaintiff presented evidence that defendants' unauthorized use of part of plaintiff's song in a commercial had "destroyed the value of the copyrighted work "to other advertisers." We held that the plaintiff could recover this lost value as damages. *Id.* at 827-28.

In addition to actual damages suffered, Abend would be entitled to profits attributable to the infringement. 17 U.S.C. § 504(b). Defendants' fear that Abend could receive 100% of their profits is unfounded. Abend can receive only the profits attributable to the infringement. *Id.*; *Frank Music Corp.*, 772 F.2d 505, 518 (9th Cir. 1985) ("When an infringer's profits are attributable to factors in addition to use of [its] work, an apportionment of profits is proper."). Should the court find infringement because

defendants have failed to establish any affirmative defenses, on remand it must apportion damages.

While apportioning profits is not always an easy task in these cases, neither it is a new or unusual one. In the landmark case of *Sheldon v. Metro-Goldwyn-Mayer Pictures Corp.*, 106 F.2d 45 (2d Cir. 1939), *aff'd*, 309 U.S. 390 (1940), Judge Learned Hand held that profits should be apportioned between the plaintiff and defendants, after finding that defendants' movie "Letty Lynton" infringed plaintiff's play "Dishonored Lady." *Sheldon*, 309 U.S. at 396. Judge Hand recognized that "no real standard" can govern this apportionment, but he "resolved to avoid the one certainly unjust course of giving the plaintiffs everything, because the defendants cannot with certainty compute their own share." *Sheldon*, 106 F.2d at 51. The court then set plaintiffs' share of the profits at 20%, to "favor the plaintiffs in every reasonable chance of error." *Id.*

We likewise recognize that courts cannot be expected to determine with "mathematical exactness" an apportionment of profits. We require only a "reasonable and just apportionment." *Frank Music Corp.*, 772 F.2d at 518. In *Frank*, the defendants infringed plaintiff's copyright in the play "Kismet" by including parts of songs and six minutes of music from the play, and by using similar characters and setting in Act IV of a musical revue entitled "Hallelujah Hollywood." *Id.* at 510. We remanded to the district court for apportionment of profits using a reasonable formula.

We also required apportionment in *Cream Records*, 754 F.2d at 828. In *Cream*, the plaintiff, owner of the copyright in "The Theme From Shaft," sought to recover

all profits earned from a commercial produced by the defendants which infringed plaintiff's copyright by using a ten note ostinato from the song. *Id.* We held that "[i]n cases such as this where an infringer's profits are not entirely due to the infringement, and the evidence suggests some division which may rationally be used as a springboard, it is the duty of the court to make some apportionment.' " *Id.* at 828-29 (quoting *Orgel v. Clark Boardman Co.*, 301 F.2d 119, 121 (2d Cir.), *cert. denied*, 371 U.S. 817 (1962).

Because factors other than Woolrich's story clearly contributed to "Rear Window's" success, should the district court find that the defendants have failed to establish any affirmative defense to the infringement, the district court should award Abend actual damages and apportion profits between Abend and the defendants. We turn now to the defenses raised by defendants.

III. *Is the Defendants' Use of the Underlying Work a "Fair Use"?*

Defendants argue that if we do not affirm the district court's grant of summary judgment based on *Rohauer*, we should do so on the alternative ground relied on by the district court – that use of the copyrighted story was a "fair use." We conclude, however, that the district court erred in holding that the defendants' use was fair.

Under 17 U.S.C. § 107, certain unauthorized uses of a copyrighted work are not infringing. These uses are termed "fair uses." Section 107 does not set forth a clear test for determining when a use is a "fair use." Rather, it identifies four non-exclusive factors that the court must consider:

> (1) the purpose and character of the use, including whether such is of a commercial nature or is for nonprofit educational purposes;
>
> (2) the nature of the copyrighted work;
>
> (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
>
> (4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107.

In applying the first factor, the Supreme Court has held that "every [unauthorized] commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright." *Sony Corp. v. Universal Studios, Inc.*, 464 U.S. 417, 451 (1984). The defendants argue that their distribution of the "Rear Window" film serves an educational purpose, rather than a commercial one. They offer no authority, however, for the bold proposition that a work's popularity may make its value educational rather than commercial. Clearly, the defendants' "use is of a commercial nature." 17 U.S.C. § 107(1).

The second factor that we must consider is the nature of the copyrighted work. A use is less likely to be deemed fair when the copyrighted work is a creative product. *See, e.g., Brewer v. Hustler Magazine, Inc.*, 749 F.2d 527, 529 (9th Cir. 1984) (citing *Sony Corp.*, 464 U.S. at 455 n. 40); *see also* 3 *Nimmer on Copyright* § 13.05[A] at 13-77 ("[C]opyright protection is narrower, and the corresponding application of the fair use defense greater, in the case of factual works than in the case of works of fiction or fantasy."). Here, the

copyrighted work is a fictional short story: a quintessentially creative product. This factor, therefore militates against a finding of fair use.

The third factor is the amount of the portion used in proportion to the entire copyrighted work. It is undisputed that the "Rear Window" film was based on the underlying story, "It Had to Be Murder." Although it is not entirely clear how much of the story was used in the film, Alfred Hitchcock testified in his deposition that the film was at least "20 percent Cornell Woolrich."

We have held that "[o]ne cannot copy the substance of another's work without infringing his copyright." *Benny v. Loew's Inc.*, 239 F.2d 532, 537 (9th Cir. 1956) (television burlesque of copyrighted motion picture is not a fair use), *aff'd by an equally divided court sub nom. Columbia Broadcasting System v. Loew's*, 356 U.S. 43 (1958). Recently, we noted that the Supreme Court's decision in *Sony* "casts doubt on [this court's] previous pronouncements concerning wholesale copying as an absolute preclusion to fair use." *Hustler Magazine, Inc. v. Moral Majority, Inc.*, 796 F.2d 1148, 1155 (9th Cir. 1986) (Pregerson, J.). In *Sony*, however, the Supreme Court merely held that "time-shifting" – making a video-tape copy of a television broadcast for viewing at a later time – was a fair use. *Sony* does not stand for the proposition that wholesale copying for a purely commercial purpose may ever be a fair use. Indeed, in *Harper & Row* the Supreme Court held that the unauthorized quotation of an insubstantial portion of an unpublished manuscript was not a fair use when the quotation "took what was essentially the heart of the book." 105 S. Ct. at 2233 (citation omitted).

Here, a substantial portion of the underlying story, "It Had to Be Murder," was used in the "Rear Window" film. Even if the film did not take "what was essentially the heart of the [story]," we conclude, based on our application of the other four statutory factors, that the defendants' use was not a fair use.

The fourth factor that we must consider is the effect of the use on the potential market for the copyrighted work. Nimmer terms this factor "the most important, and indeed, central fair use factor." 3 *Nimmer on Copyright* § 13.05[A] at 13-80. To illustrate the application of this factor, Nimmer posits a hypothetical in which an unauthorized motion picture is made based on a copyrighted novel. Although the motion picture will have no adverse effect on bookstore sales of the novel – and may in fact have a beneficial effect – it is "clear that [the film's producer] may not invoke the defense of fair use." 3 *Nimmer on Copyright* § 13.05[B] at 13-84. Nimmer explains that although the film will not prejudice the novel's sale in the book medium, it will prejudice its sale in the motion picture medium. *Id.* "If the defendant's work adversely affects the value of any of the rights in the copyrighted work (in this case the adaptation right) the use is not fair even if the rights thus affected have not as yet been exercised by the plaintiff." *Id.* at 13-84 - 13-85 (footnotes omitted).

Here, there is no question that the adaptation rights were adversely affected by the defendants' re-release and distribution of the "Rear Window" film. Abend stated in his declaration that he was interested in obtaining the rights to the underlying story, "It Had to Be Murder," because he thought that it should be republished, and

because he thought that it could be remade for United States television. Counsel for the defendants conceded at oral argument that Abend's plans for a remake were frustrated by the existence of the "Rear Window" film. Explaining why HBO abandoned a project to remake the story into a film, counsel for the defendants stated: "It's not hard to figure out when you compare the underlying work with our movie." Under Nimmer's hypothetical, this adverse effect on the owner's adaptation rights makes the defendants' use of the underlying work unfair. It is irrelevant that the re-release of the "Rear Window" film may have promoted sales of the underlying story in the book medium.

This case presents a classic example of an unfair use: a commercial use of a fictional story that adversely affects the story owner's adaptation rights. The district court erred as a matter of law in concluding that the defendants' use was a fair use.

IV. *Did the District Court Err in Denying Plaintiff's Motion For Summary Judgment?*

When the district court granted defendants' motions for summary judgment based on *Rohauer* and "fair use," it denied plaintiff's motion for summary judgment as to defendants' liability for copyright infringement. Abend appeals the denial of his motion for summary judgment.[20] He argues that there are no genuine issues of material

---

[20] Ordinarily a denial of a motion for summary judgment is not a final order and thus not appealable. 28 U.S.C. § 1291. However, the district court's grant of summary judgment was a final decision giving us jurisdiction to review its denial of plaintiff's motion for summary judgment.

fact regarding various affirmative defenses raised by the defendants and that he is therefore entitled to judgment as a matter of law.

Although we hold that the district court erred in granting summary judgment for defendants based on *Rohauer* and fair use, we cannot grant plaintiff's motion for summary judgment and decide whether defendants have infringed plaintiff's renewal copyright. Our review of the record indicates that the district court denied Abend's motion because it granted the defendants' motions based on *Rohauer* and fair use, and did not fully consider the merits of Abend's motion regarding the various affirmative defenses raised by the defendants.[21] Consequently, we remand to the district court for reconsideration of plaintiff's motion for summary judgment and the affirmative defenses raised by defendants.

CONCLUSION

We affirm the district court's denial of defendants' motion for summary judgment based on alleged defects in the story's copyright and renewal.

We reject the Second Circuit's reasoning in *Rohauer* and reverse the district court's grant of summary judgment on this issue. Likewise, the panel should hold that defendants' re-release of the film was not a "fair use" of the underlying story.

---

[21] These affirmative defenses include estoppel, unclean hands, waiver, abandonment, laches, and copyright misuse.

Because the district court may not have considered the merits of Abend's motion for summary judgment, we remand the case to the district court for reconsideration.

THOMPSON, Circuit Judge, dissenting:

I concur in Part I of the majority opinion.

I respectfully dissent from Part II, and write more about that later.

I concur in the majority's conclusion in Part III that the district court erred in granting the defendants' motion for summary judgment based upon the defense of "fair use," but I do not agree with, and accordingly express my dissent from, that portion of Part III in which the majority suggests that the defendants' copyright in the movie, "Rear Window," is in some way limited because the "fair use" defense is inapplicable to Abend's claim of infringement.

The majority's view of "fair use" is premised on a hypothetical example by Professor Nimmer in which he assumes that "an unauthorized motion picture is made based on a copyrighted novel." *See* majority opinion at page 15510. The obvious flaw in this reasoning is that the premise does not apply in this case. Here, the movie "Rear Window" was not an "unauthorized" creation. Moreover, the defendants copyrighted it. It enjoys its own copyright protection as a derivative work, as I discuss later in this dissent. Pursuant to this copyright, the defendants have the right to exploit their movie without infringement by others, including Abend. The unavailability of the "fair use" doctrine as a defense to

Abend's claim of infringement of his copyright has nothing to do with the defendants' right to use their movie which is protected by its own copyright.

I dissent from Part IV of the majority opinion, because I believe the district court did not err in denying Abend's motion for summary judgment.

My dissent from Part II is predicated on my conviction that the district court was correct in granting summary judgment in favor of the defendants on the basis of the Second Circuit's decision in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977). I would hold, therefore, that the defendants' 1983 rerelease and exhibition of their movie, "Rear Window," did not infringe Abend's renewal copyright in the story "It Had to Be Murder."

The majority opinion accurately recites the facts. I state the following only to focus on those circumstances which I believe apply to an appropriate analysis of *Rohauer*.

In 1942, Cornell Woolrich's short story "It Had to Be Murder" was first published. Three years later, Woolrich agreed to assign exclusive worldwide motion picture rights in the story for its initial and renewal copyright terms to the defendants' predecessor-in-interest. Pursuant to this grant, and during the initial term of Woolrich's copyright, the defendants produced and released the motion picture "Rear Window," based in part on Woolrich's story. The film, directed by Alfred Hitchock and starring James Stewart and Grace Kelly, was released in 1954. It was copyrighted by the defendants at that time.

In 1968, just before the onset of the story's renewal period Woolrich died. Thus he never assigned the renewal rights in the story to the defendants as he had promised. A year later Woolrich's executor did renew the story's copyright, effective in 1970. In 1971, Abend acquired the story's renewal rights from Woolrich's executor. In 1982, the defendants renewed their copyright in the film "Rear Window." In 1983, the defendants re-released the film. Thereafter, Abend brought this suit claiming infringement of the story's renewal copyright and seeking compensatory damages, an accounting of the defendants' profits and a permanent injunction which, among other things, would enjoin the defendants from exhibiting, distributing, selling or marketing "Rear Window" in the United States.

The majority believes that *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960) controls this case. *See* majority opinion, pages 15493-15494 n.8 [App. 20-21 n.8] and page 15497 [App. 24]. As Judge Friendly explained in *Rohauer*, however,[1] *Miller Music* involved a set of facts significantly different from those presented in *Rohauer* and in the present case. *Rohauer*, 551 F.2d at 490.

---

[1] The majority asserts that Judge Friendly "virtually ignore[d]" *Miller Music* in *Rohauer*, and *Miller Music* "provides ineluctable authority for Abend's position." Majority opinion at page 15497 [App. 24]. The majority thus suggests that Judge Friendly either did not understand or purposely ignored the obvious. As I explain above, I believe Judge Friendly correctly determined that *Miller Music* failed to address the situation presented by *Rohauer*. Indeed, the Justices of the Supreme Court who have expressed an opinion about the *Rohauer* decision have noted that it states the view of the 1909 Act that has "prevailed." *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 183 n.7 (1985) (White, J., dissenting).

Miller Music involved *only one* copyrighted work. In that case, two music publishers claimed the right to publish the song "Wine and Roses" through purported assignments of the renewal copyright in the song. Miller Music Company had been assigned the renewal rights by the song's co-author, Ben Black, during the song's initial copyright term. Before that initial term expired, Black died. His will contained no specific bequest concerning the renewal copyright. Black's executor renewed the copyright, which was then distributed by decree of the probate court to Black's residuary legatees. These legatees then assigned the renewal copyright to Charles N. Daniels, Inc. The Supreme Court held that this latter publisher, and not Miller Music Co., owned the publishing rights to the song. In so doing the Court merely addressed "the relative rights of persons claiming full assignment . . . of the renewal term of" a single copyrighted work. *Rohauer*, 551 F.2d at 490. *See also Miller Music*, 362 U.S. at 374.

By contrast here, as in *Rohauer*, two separately copyrighted works, each capable of being renewed under section 24 of the 1909 Act, are involved, The distinction, as Judge Friendly recognized, is an important one. The defendants do not challenge Abend's right to publish the story, nor do they claim a right to publish it themselves; they do challenge Abend's ability to block their right to show their film or to participate in its profits. Instead of being called upon to decide which of two parties *has* rights under the 1909 Act (the question decided by the Court in *Miller Music*), we are called upon to reconcile the interests of two parties who *both* have rights under the 1909 Act. *See Rohauer*, 551 F.2d at 490.

The question thus remains here, as it did in *Rohauer*, whether continued exhibition of the copyrighted derivative work (the film "Rear Window") should be deemed to infringe Abend's renewal copyright on the underlying work (the story "It Had To Be Murder.") *See Rohauer*, 551 F.2d at 485-86. In my view, it should not. Nothing in the 1909 Act limits the use a copyright holder can make of his properly created derivative work. Rather, in section 7 of the 1909 Act, Congress gave derivative works dignity equal to underlying works, by providing that derivative works "shall be regarded as *new works subject to copyright under the provisions of this title*," so long as "produced with the consent" of the proprietor of the underlying copyright. 17 U.S.C. § 7 (emphasis added). Thus, like an underlying work, a properly created[2] derivative work is entitled to the full range of protection provided to all works copyrighted under the 1909 Act.

Mindful of this, Judge Friendly concluded that it would not make sense to "deprive[] the proprietor of the derivative copyright of a right, stemming from the section 7 'consent' of the original proprietor of the underlying work, to use so much of the underlying copyrighted work as already has been embodied in the copyrighted derivative work" simply because the renewal copyright in the underlying work had vested in the statutory successor to the original proprietor instead of the original proprietor. *Rohauer*, 551 F.2d at 492. The identical situation is presented here, and the same result should obtain.

---

[2] There is no dispute that the derivative film "Rear Window" was originally made with valid section 7 consent.

Abend argues, and the majority appears to agree, that Judge Friendly's *Rohauer* analysis "violates" the "traditional rule" of this circuit as expressed in *Russell v. Price*, 612 F.2d 1123 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980), that "a derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work." *Russell* at 1128. This is not so.

Russell involved the George Bernard Shaw play "Pygmalion." The play was copyrighted by Shaw. A motion picture of the same name based on the play had been produced under a license from Shaw. The film itself was copyrighted when initially made. However, *the film's copyright was never renewed*. The copyright in the underlying play, meanwhile, had been renewed. The case arose when holders of the underlying play's renewal copyright sued defendants who had distributed the film after the film's copyright had expired.

The defendants in *Russell*, citing *Rohauer*, argued that when the film's derivative copyright expired, the whole product entered the public domain free of the monopoly protection of any subsisting copyright in the underlying work. *Russell*, 612 F.2d at 1127. For this reason, defendants argued, the underlying work, like the derivative work, was no longer protected by the copyright laws. We rejected that notion, and explained that the defendants' attempt to rely on *Rohauer* was misplaced, because the facts of *Rohauer* involved "significant differences" from the facts of *Russell*. *Id*. at 1126. The *Russell* court then held that "although the derivative work may enter the public domain, the matter contained therein which derives from a work still covered by statutory copyright *is not dedicated*

to the public." Id. (emphasis added). The import of the "traditional rule" in *Russell* is simply that a derivative work's loss of its copyright protection does not cause the loss of the underlying work's copyright protection.

In the present case, the defendants do not argue that Woolrich's story is no longer protected from public appropriation. Rather, they assert the right to exhibit their own protected work. Thus, once again the present case is distinguishable because it presents the conflict of two protected works. *Russell,* like *Miller,* involved only one copyrighted work; the film in *Russell* was no longer protected by copyright law. The court in *Russell* was not faced as we are here with two works of equal dignity in the eyes of copyright law. Indeed, the *Russell* court itself pointed out that in *Russell,* unlike *Rohauer,* there was "no longer a conflict between two copyrights, each apparently granting 'their proprietors overlapping "exclusive" rights to whatever underlying material . . . had been incorporated into the derivative film.' " *Russell,* 612 F.2d at 1128 (citation omitted).

Both Abend and the majority assert that *Rohauer* runs counter to cases in its own Second Circuit, in particular one case antedating *Rohauer, G. Ricordi & Co. v. Paramount Pictures, Inc.,* 189 F.2d 469 (2d Cir.), *cert. denied,* 342 U.S. 849 (1951), and one case announced after *Rohauer, Gilliam v. American Broadcasting Co.,* 538 F.2d 14 (2d Cir. 1976). These cases, however, are distinguishable.

Like *Russell, Ricordi* did not concern the question whether the holder of a derivative copyright could exhibit that copyrighted work. Rather, it concerned the question whether the derivative copyright holder could

produce a new and different derivative work without the consent of the underlying copyright holder.

Ricordi obtained the rights to make a libretto for an opera from the novel "Madame Butterfly."[3] The agreement granted such rights for the *initial* copyright period *only.* Ricordi made the opera and copyrighted it. Later, during the novel's renewal period, Ricordi sued for a declaration that he was entitled to produce a movie based on the opera. The Second Circuit held that to the extent Ricordi had added new matter, he could produce a movie based thereon, but he no longer had the right to exploit the underlying material for a movie. *Ricordi,* 189 F.2d at 471.

Unlike Ricordi, the defendants here do not seek to create a new work from their movie. If they sought to make a play, or even a new movie, *Ricordi* would be applicable. Moreover, there was no challenge in *Ricordi* analogous to the one here – no one there challenged Ricordi's ability to exhibit his opera. For these reasons Judge Friendly in *Rohauer* properly distinguished *Ricordi. Rohauer,* 551 F.2d at 493.

Neither is *Gilliam* on point. In that case, a group of British actors and performers known as "Monty Python" held the copyrights in scripts written for a television series. The copyrights in the recorded programs based on

---

[3] He also obtained permission to make the opera from the holder of a copyright in a play based on the book; the play had been created pursuant to proper consent of the novel's author as well.

the scripts, meanwhile, were held by the British Broadcasting Corporation (BBC). Under a detailed agreement between Monty Python and the BBC, the latter was not permitted to edit the programs without first consulting the Monty Python writers. The BBC later granted the American Broadcasting Company (ABC) the right to broadcast several of the programs. ABC severely edited the programs. Monty Python sued for infringement of their scripts.

In finding for Monty Python, the Second Circuit concluded that since the BBC itself had never obtained permission to edit the scripts, it could not possibly transfer such a right to a third party like ABC. *Gilliam*, 538 F.2d at 21. *Gilliam* has nothing to do with our case.

In sum, when presented with the facts of *Rohauer*, Judge Friendly wrote on a precedent-free slate. He did not, however, look only to the statute. He carefully examined the 1909 Act's legislative history as well as its language in determining that the "force or validity" clause of section 7 "ha[d] no bearing" on the problem there presented. *Rohauer*, 551 F.2d at 488, 490. That is, he concluded that the statutory language had not been designed to address the competing copyrights situation presented by *Rohauer*.[4]

---

[4] Abend nevertheless contends that the defendants' rerelease of "Rear Window" does impair the "force or validity" of Abend's renewal copyright in the underlying story in violation of section 7. The majority, in finding *Miller Music* dispositive, chose not to decide "whether or how section 7's "force or validity" clause" is implicated by the present case. *See* majority opinion at page 15493-15494 n.8 [App. 20 n.8]. I agree with Judge Friendly's analysis, which applies equally here, that section 7 was not written to address the situation presented by *Rohauer*. *See Rohauer*, 551 F.2d at 488-490.

Having found nothing in precedent or legislative history dictating a finding of infringement, Judge Friendly next looked to policy considerations in determining what Congress would have wanted when faced with the problem of competing copyrights. *Rohauer*, 551 F.2d at 493. *See also id.* at 486 ("A court must grope to ascertain what would have been the thought of the 1909 Congress on an issue about which it almost certainly never thought at all."). He decided that it would be "more in keeping with the letter and purposes of the [1909 Act]" not to limit exhibition of the derivative work. *Rohauer*, 551 F.2d at 486. Judge Friendly reasoned that makers of derivative works, unlike licensees who merely print or distribute an unchanged underlying work, make their own creative contributions, of the type Congress sought to protect under copyright law. *Id.* at 493. This factor augurs in favor of allowing the derivative copyright holder to continue exhibiting his work.

Creative contributions by the defendants to the movie "Rear Window" abound. The movie added a love interest not present in the story. And of course the lighting, acting, staging, as well as substantial script adaptations from the basic story, all originated with the film. In short, the film is a new work of art. Faced with substantially the same question which was presented in *Rohauer*, there is no reason to depart from its holding. Its reasoning is sound, its precedent is firm, and I see no logic in creating a split of authority in the circuits on this matter of national concern.

The majority states the defendants lost their right to exploit "Rear Window" without Abend's consent, or at least without letting him share in the proceeds from the

exploitation, because Woolrich died prior to assigning his renewal rights. I do not agree. In my view, what the defendants lost when Woolrich died before commencement of the renewal term and assignment of his renewal rights was *not* the right to continue to display their separately copyrighted movie. Rather, they lost the right to create a new movie – indeed to create any new work using Woolrich's story. It seems to me this view reads the 1909 Act plainly and gives due weight to *Rohauer, Miller, Russell, Ricordi,* and *Gilliam.*

Contrary to the majority's suggestion, the holding of *Rohauer* does not deny authors of underlying works or their successors a "second chance" to reap benefits from their own works. *See* majority opinion at page 15501 [App. 29]. Abend is free to republish "It Had To Be Murder," authorize a new movie, television or theatrical productions, create book cassettes and otherwise capitalize on the success of "Rear Window" in any manner so long as he does not infringe upon the new matter contained in that movie. *See G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469, 472 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951).

Because I believe the defendants should prevail on their *Rohauer* defense, I would not get to the issue of remedies. the majority suggests the parties should share the profits from "Rear Window." It reaches this conclusion apparently because it recognizes the unjust result of its holding that Abend, who invested not one dime in creating the movie, should now have some rights to it. This "share-the-wealth" concept offends my sense of justice. I don't see why Abend should be permitted to squeeze the defendants for money generated by a movie

which they created, in which they risked their capital, and to which they committed their substantial talents. Granted, the defendants used Woolrich's story. But they paid him for it, and he agreed to assign his renewal rights in the story to them. Now, because of the quirk of fate that Woolrich died before the renewal term of the copyright in the underlying story, Abend, according to the majority, is entitled to a portion of "Rear Window's" profits. It just doesn't make sense.

LOUIS P. PETRICH
GARY L. SWINGLE
LEOPOLD, PETRICH & SMITH
A Professional Corporation
2049 Century Park East, Suite 3110
Los Angeles, California 90067-3274
213/277-3333

Attorneys for Defendants
MCA INC., UNIVERSAL FILM EXCHANGES, INC., JAMES STEWART, AND PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR, AS CO-TRUSTEES OF THE SECOND (RESIDUARY) TRUST UNDER THE LAST WILL OF ALFRED J. HITCHCOCK

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SHELDON ABEND, doing business as AUTHORS RESEARCH COMPANY, Plaintiff, vs. MCA, INC., a corporation, UNIVERSAL FILM EXCHANGE, INC., a corporation, JAMES STEWART and PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR, both as Executors of the Estate of Alfred Hitchcock and as Trustees of the Assets of the Estate of Alfred Hitchcock, Defendants.	Case No. CV-84-2489 AAH (JRx) SUMMARY JUDGMENT RE FAIR USE DEFENSE

(Filed Mar 23, 1987)
(Entered Mar 27, 1987)

The motion of defendants MCA Inc., Universal Film Exchanges, Inc., James Stewart, and Patricia Hitchcock O'Connell and Samuel Taylor, as co-trustees of the Second (Residuary) Trust under the last Will of Alfred J. Hitchcock, for summary judgment based on the defendants' "fair use" affirmative defense, came on for hearing on December 15, 1986, United States District Judge A. Andrew Hauk, presiding. Louis P. Petrich and Gary L. Swingle of Leopold, Petrich & Smith, A Professional Corporation, appeared for said defendants; James P. Tierney and Peter J. Anderson of the Law Offices of James P. Tierney appeared for plaintiff Sheldon Abend.

The Court, having granted the defendants' Motion of Summary Judgment:

IT IS ORDERED, AND ADJUDGED that:

1. Plaintiff take nothing by his Complaint against MCA Inc., Universal Film Exchanges, Inc., James Stewart, and Patricia Hitchcock O'Connell and Samuel Taylor, as co-trustees of the Second (Residuary) Trust under the last Will of Alfred J. Hitchcock, or any of them, and that the action is dismissed on the merits in its entirety;

2. Defendants MCA Inc., Universal Film Exchanges, Inc., James Stewart, and Patricia Hitchcock O'Connell and Samuel Taylor, as co-trustees of the Second (Residuary) Trust under the last Will of Alfred J. Hitchcock, shall recover their costs of action against plaintiff Sheldon Abend in the sum of $___.

Dated: 3-23-87

/s/ A. Andrew Hauk
United States District Judge

LOUIS P. PETRICH
GARY L. SWINGLE
LEOPOLD, PETRICH & SMITH
A Professional Corporation
2049 Century Park East, Suite 3110
Los Angeles, California 90067-3274
213/277-3333

Attorneys for Defendants
MCA INC., UNIVERSAL FILM EXCHANGES, INC., JAMES STEWART, AND PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR, AS CO-TRUSTEES OF THE SECOND (RESIDUARY) TRUST UNDER THE LAST WILL OF ALFRED J. HITCHCOCK

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SHELDON ABEND, doing business as AUTHORS RESEARCH COMPANY, Plaintiff, vs. MCA, INC., a corporation, UNIVERSAL FILM EXCHANGE, INC., a corporation, JAMES STEWART and PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR, both ~~as~~ Executors of the Estate of Alfred Hitchcock and as Trustees of the Assets of the Estate of Alfred Hitchcock, Defendants.	Case No. CV-84-2489 AAH (JRx) SUMMARY JUDGMENT

(Filed Mar 23, 1987)
(Entered Mar 27, 1987)

The motion of defendants MCA Inc., Universal Film Exchanges, Inc., James Stewart, and Patricia Hitchcock O'Connell and Samuel Taylor, as co-trustees of the Second (Residuary) Trust under the last Will of Alfred J. Hitchcock, for summary judgment based on the ruling in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977), came on for hearing on March 23, 1987, United States District Judge A. Andrew Hauk, presiding. Louis P. Petrich and Gary L. Swingle of Leopold, Petrich & Smith, A Professional Corporation, appeared for said defendants; James P. Tierney and Peter J. Anderson of the Law Offices of James P. Tierney appeared for plaintiff Sheldon Abend.

The Court having found that there are no genuine issues of material fact and having determined the matters in Rule 56(c) and Local Rule 7.14.3 and having determined that the moving party is entitled to judgment on its motion herein,

The Court, having granted the defendants' Motion of Summary Judgment:

IT IS ORDERED, AND ADJUDGED that:

1. Plaintiff take nothing by his Complaint against MCA Inc., Universal Film Exchanges, Inc., James Stewart, and Patricia Hitchcock O'Connell and Samuel Taylor, as co-trustees of the Second (Residuary) Trust under the last Will of Alfred J. Hitchcock, or any of them, and that the action is dismissed on the merits in its entirety;

2. Defendants MCA Inc., Universal Film Exchanges, Inc., James Stewart, and Patricia Hitchcock O'Connell and Samuel Taylor, as co-trustees of the Second (Residuary)

Trust under the last Will of Alfred J. Hitchcock, shall recover their costs of action against plaintiff Sheldon Abend in the sum of $___.

Dated: 3/23/87

/s/ A. Andrew Hauk
United States District Judge

CONSTITUTIONAL PROVISIONS, STATUTES, AND RULES INVOLVED

Article I, section 8 of the Constitution provides that:

The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

The First Amendment to the Constitution provides that:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

THE COPYRIGHT ACT OF 1909

Sec. 7. Copyright on Compilations of Works in Public Domain or of Copyrighted Works; Subsisting Copyrights Not Affected

Compilations or abridgments, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this title; but the publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply

an exclusive right to such use of the original works, or to secure or extend copyright in such original works.

Sec. 24. Duration; Renewal and Extension

The copyright secured by this title shall endure for twenty-eight years from the date of first publication, whether the copyrighted work bears the author's true name or is published anonymously or under an assumed name: *Provided*, That in the case of any posthumous work or of any periodical, cyclopedic, or other composite work upon which the copyright was originally secured by the proprietor thereof, or of any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of

twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in default of the registration of such application for renewal and extension, the copyright in any work shall determine at the expiration of twenty-eight years from first publication.

THE COPYRIGHT ACT OF 1976

Sec. 103. Subject Matter of Copyright: Compilations and Derivative Works

(a) The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.

(b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

Sec. 107. Limitations on Exclusive Rights: Fair Use

Notwithstanding the provisions of section 106, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include–

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

. . . .

Sec. 203. Termination of Transfers and Licenses Granted by the Author

(a) Conditions for Termination. In the case of any work other than a work made for hire, the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on

or after January 1, 1978, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by one author, termination of the grant may be effected by that author or, if the author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest. In the case of a grant executed by two or more authors of a joint work, termination of the grant may be effected by a majority of the authors who executed it; if any of such authors is dead, the termination interest of any such author may be exercised as a unit by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's interest.

(2) Where an author is dead, his or her termination interest is owned, and may be exercised, by his widow or her widower and his or her children or grandchildren as follows:

(A) the widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest;

(B) the author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them;

(C) the rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant; or, if the grant covers the right of publication of the work, the period begins at the end of thirty-five years from the date of publication of the work under the grant or at the end of forty years from the date of execution of the grant, whichever term ends earlier.

(4) The termination shall be effected by serving an advance notice in writing, signed by the number and proportion of owners of termination interests required under clauses (1) and (2) of this subsection, or by their duly authorized agents, upon the grantee or the grantee's successor in title.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(b) Effect of Termination. Upon the effective date of termination, all rights under this title that were covered by the terminated grants revert to the author, authors, and other persons owning termination interests under clauses (1) and (2) of subsection (a), including those owners who did not join in signing the notice of termination under clause (4) of subsection (a), but with the following limitations:

(1) A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

(2) The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of subsection (a). The rights vest in the author, authors, and other persons named in, and in the proportionate shares provided by, clauses (1) and (2) of subsection (a).

(3) Subject to the provisions of clause (4) of this subsection, a further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right has vested under clause (2) of this subsection, as are required to terminate the grant under clauses (1) and (2) of subsection (a). Such

further grant or agreement is effective with respect to all of the persons in whom the right it covers has vested under clause (2) of this subsection, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this clause.

(4) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the persons provided by clause (3) of this subsection and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of subsection (a).

(5) Termination of a grant under this section affects only those rights covered by the grants that arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(6) Unless and until termination is effected under this section, the grant, if it does not provide otherwise, continues in effect for the term of copyright provided by this title.

Sec. 302. Duration of Copyright: Works Created on or after January 1, 1978

(a) In General. Copyright in a work created on or after January 1, 1978, subsists from its creation and, except as provided by the following subsections, endures

for a term consisting of the life of the author and fifty years after the author's death.

(b) Joint Works. In the case of a joint work prepared by two or more authors who did not work for hire, the copyright endures for a term consisting of the life of the last surviving author and fifty years after such last surviving author's death.

(c) Anonymous Works, Pseudonymous Works, and Works Made for Hire. In the case of an anonymous work, a pseudonymous work, or a work made for hire, the copyright endures for a term of seventy-five years from the year of its first publication, or a term of one hundred years from the year of its creation, whichever expires first. If, before the end of such term, the identity of one or more of the authors of an anonymous or pseudonymous work is revealed in the records of a registration made for that work under subsections (a) or (d) of section 408, or in the records provided by this subsection, the copyright in the work endures for the term specified by subsection (a) or (b), based on the life of the authors or authors whose identity has been revealed. Any person having an interest in the copyright in an anonymous or pseudonymous work may at any time record, in records to be maintained by the Copyright Office for that purpose, a statement identifying one or more authors of the work; the statement shall also identify the person filing it, the nature of that person's interest, the source of the information recorded, and the particular work affected, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation.

(d) Records Relating to Death of Authors. Any person having an interest in a copyright may at any time record in the Copyright Office a statement of the date of death of the author of the copyrighted work, or a statement that the author is still living on a particular date. The statement shall identify the person filing it, the nature of that person's interest, and the source of the information recorded, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation. The Register shall maintain current records of information relating to the death of authors of copyrighted works, based on such recorded statements and, to the extent the Register considers practicable, on data contained in any of the records of the Copyright Office or in other reference sources.

(e) Presumption as to Author's Death. After a period of seventy-five years from the year of first publication of a work, or a period of one hundred years from the year of its creation, whichever expires first, any person who obtains from the Copyright Office a certified report that the records provided by subsection (d) disclose nothing to indicate that the author of the work is living, or died less than fifty years before, is entitled to the benefit of a presumption that the author has been dead for at least fifty years. Reliance in good faith upon this presumption shall be a complete defense to any action for infringement under this title.

Sec. 304. Duration of Copyright: Subsisting Copyrights

(a) Copyrights in Their First Term on January 1, 1978. Any copyright, the first term of which is subsisting on January 1, 1978, shall endure for twenty-eight years from the date it was originally secured: *Provided*, That in the case of any posthumous work or of any periodical, cyclopedic, or other composite work upon which the copyright was originally secured by the proprietor thereof, or of any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of forty-seven years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his or her next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of forty-seven years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration

of the original term of copyright: *And provided further,* That in default of the registration of such application for renewal and extension, the copyright in any work shall terminate at the expiration of twenty-eight years from the date copyright was originally secured.

(b) Copyrights in Their Renewal Term or Registered for Renewal Before January 1, 1978. The duration of any copyright, the renewal term of which is subsisting at any time between December 31, 1976, and December 31, 1977, inclusive, or for which renewal registration is made between December 31, 1976, and December 31, 1977, inclusive, is extended to endure for a term of seventy-five years from the date copyright was originally secured.

(c) Termination of Transfers and Licenses Covering Extended Renewal Term. In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire, the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, by any of the persons designated by the second proviso of subsection (a) of this section, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by a person or persons other than the author, termination of the grant may be effected by the surviving person or persons who executed it. In the case of a grant executed by one or more of the authors of the work, termination of the grant may be effected, to the extent of a particular author's

share in the ownership of the renewal copyright, by the author who executed it or, if such author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest.

(2) Where an author is dead, his or her termination interest is owned, and may be exercised, by his widow or her widower and his or her children or grandchildren as follows:

(A) the widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest;

(B) the author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them;

(C) the rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later.

(4) The termination shall be effected by serving an advance notice in writing upon the grantee or the grantee's successor in title. In the case of a grant executed by a person or persons other than the author, the notice shall be signed by all of those entitled to terminate the grant under clause (1) of this subsection, or by their duly authorized agents. In the case of a grant executed by one or more of the authors of the work, the notice as to any one author's share shall be signed by that author or his or her duly authorized agent or, if that author is dead, by the number and proportion of the owners of his or her termination interest required under clauses (1) and (2) of this subsection, or by their duly authorized agents.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(6) In the case of a grant executed by a person or persons other than the author, all rights under this title that were covered by the terminated grant revert, upon the effective date of termination, to all of those entitled to

terminate the grant under clause (1) of this subsection. In the case of a grant executed by one or more of the authors of the work, all of a particular author's rights under this title that were covered by the terminated grant revert, upon the effective date of termination, to that author or, if that author is dead, to the persons owning his or her termination interest under clause (2) of this subsection, including those owners who did not join in signing the notice of termination under clause (4) of this subsection. In all cases the reversion of rights is subject to the following limitations:

(A) A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

(B) The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of this subsection.

(C) Where the author's rights revert to two or more persons under clause (2) of this subsection, they shall vest in those persons in the proportionate shares provided by that clause. In such a case, and subject to the provisions of subclause (D) of this clause, a further grant, or agreement to make a further grant, of a particular author's share with respect to any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right

has vested under this clause, as are required to terminate the grant under clause (2) of this subsection. Such further grant or agreement is effective with respect to all of the persons in whom the right it covers has vested under this subclause, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this subclause.

(D) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the author or any of the persons provided by the first sentence of clause (6) of this subsection, or between the persons provided by subclause (c) of this clause, and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of this subsection.

(E) Termination of a grant under this subsection affects only those rights covered by the grant that arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(F) Unless and until termination is effected under this subsection, he grant, if it does not provide otherwise, continues in effect for the remainder of the extended renewal term.

. . . .

Sec. 504. Remedies for Infringement: Damages and Profits

(a) In General. Except as otherwise provided by this title, an infringer of copyright is liable for either–

(1) the copyright owner's actual damages and any additional profits of the infringer, as provided by subsection (b); or

(2) statutory damages, as provided by subsection (c).

(b) Actual Damages and Profits. The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

(c) Statutory Damages.

(1) Except as provided by clause (2) of this subsection, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are

liable jointly and severally, in a sum of not less than $250 or more than $10,000 as the court considers just. For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.

(2) In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than $50,000. In a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its discretion may reduce the award of statutory damages to a sum of not less than $100. The court shall remit statutory damages in any case where an infringer believed and had reasonable grounds for believing that his or her use of the copyrighted work was a fair use under section 107, if the infringer was: (i) an employee or agent of a nonprofit educational institution, library, or archives acting within the scope of his or her employment who, or such institution, library, or archives itself, which infringed by reproducing the work in copies or phonorecords; or (ii) a public broadcasting entity which or a person who, as a regular part of the nonprofit activities of a public broadcasting entity (as defined in subsection (g) of section 118) infringed by performing a published nondramatic literary work or by reproducing a transmission program embodying a performance of such a work.

Sec. 505. Remedies for Infringement: Costs and Attorney's Fees

In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

EXCERPTS OF WOOLRICH ASSIGNMENT

AGREEMENT made this 16th day of May, 1945 between CORNELL WOOLRICH (whose pseudonym is William Irish), hereinafter called the AUTHOR and/or the SELLER, and B. G. DE SYLVA PRODUCTIONS, INC., a California corporation, hereinafter called the PURCHASER.

W I T N E S S E T H:

FIRST:

The Author hereby warrants:

(a) That he is the sole author of the following six (6) stories:

AFTER DINNER STORY
AN APPLE A DAY
REAR WINDOW
MURDER STORY
MANIHUAKA
THE NIGHT REVEALS

each of which stories is wholly original with him, has not been copied in whole or in part from any other work, and has never been published in any form except as hereinafter set forth;

. . . .

THIRD:

The Seller hereby grants and assigns to the Purchaser all the motion picture rights throughout the world in and to and in connection with said stories and each of them; together with the sole and exclusive rights; to use, adapt,

translate, subtract from, add to and change said stories or any of them and the titles thereof or any of them in the making of motion picture photoplays and/or as a part of or in conjunction with any other work or works in the making of motion picture photoplays; to combine said stories or any of them with any other work or works in the making of motion picture photoplays; to use said titles and any similar titles and any or all of the characters of said stories or any of them in conjunction with motion photoplays based upon said stories or any of them and/or other literary, dramatic and/or dramatico – musical works and/or in conjunction with musical compositions, whether or not written for, or used in or in connection with, any such motion picture photoplays; and to project, transmit, exhibit and otherwise reproduce said stories or any of them pictorially and audibly by the art of cinematography or any process analogous thereto, or by television or any process of transmission now known or hereafter to be devised, and also including the right to copyright, vend, license and exhibit such motion picture photoplays throughout the world; together with the further sole and exclusive rights, by mechanical and electrical means, to record, reproduce and transmit sound, including spoken words, dialogue, music and songs whether extracted from said stories or any of them or otherwise, and to change such dialogue if extracted from said stories or any of them and to interpolate other dialogue, music and songs, in or in connection with or as part of the production, reproduction, transmission, exhibition and presentation of such motion picture photoplays; and also including the right to make, use, license

and vend any and all records or other devices required or desired for any such purpose.

. . . .

SIXTH:

The Seller agrees that he will not publish or permit the publication of said stories or any of them in any form unless the same shall be duly copyrighted in the United States of America and duly registered for copyright in the Copyright Office of the United States of America, and, immediately upon such publication and registration, to assign, or procure the assignment of, to the Purchaser, the rights herein granted in and to said stories and each of them, as published and copyrighted and registered for copyright.

SEVENTH:

The Seller hereby agrees that he will, prior to the expiration of any copyright or copyrights in said stories or any of them (as the same may be extended), renew or extend or procure the renewal or extension of any such copyright or copyrights, and will convey, grant and assign to said Purchaser, the rights herein conveyed, granted and assigned for such renewal or extended term. The Seller hereby irrevocably appoints the Purchaser as his attorney-in-fact to execute, deliver and record, on his behalf and in his name or otherwise, any and all documents necessary or proper to secure the renewal or extension of any such copyright or copyrights and all rights

therein and thereto for the term of such renewal or extension, and to execute, deliver and record, on behalf of the Seller and in the Seller's name or otherwise, any and all assignments and other documents necessary or proper to convey, grant and assign to the Purchaser, for the term of such renewal or extension, the rights hereby conveyed, granted or assigned to the Purchaser. The Seller agrees that, in the event that the present Copyright Law of the United States of America, of if any other country where said stories are or may hereafter be protected by copyright, shall be amended or changed or a new Copyright Law enacted, so that the term of copyright is extended or enlarged, the Purchaser shall forthwith and automatically become entitled to all rights hereby conveyed, granted and assigned to the Purchaser for such extended or enlarged term.

EIGHTH:

The Seller hereby agrees that he will execute and deliver to the Purchaser, and to provide the Purchaser with, any and all further documents necessary or proper to evidence or secure to the Purchaser the rights herein granted and to perfect the record thereof.

. . . .

TENTH:

The Author hereby grants to the Purchaser the right to use, and to license, cause or permit others to use, his name in connection with any use, version or adaptation which the Purchaser may make of said stories or any of

them, or in connection with the advertising or publicity thereof, whether or not the same shall be substantially based upon said stories or any of them. The Author agrees that the Purchaser shall not be required to announce the name of the Author on or in connection with any advertising or publicity issued by the Purchaser in connection with any such use, version or adaptation, whether or not the Purchaser shall elect to announce in any such advertising or publicity the name or names of the author or authors of the screen play or other version or adaptation thereof. The Purchaser agrees, however, to announce on the film of any motion picture photoplay that may be produced by it and adapted from the said stories or any of them, substantially incorporating the plot, theme, characterizations, motive and treatment of the said stories or any of them, that said motion picture photoplay is based upon or adapted from or suggested by the stories or any of them written by the Author, or words to that effect, and, if the Purchaser shall so elect, upon such other material as may be incorporated in any such motion picture photoplay, with or without the names of the authors of such other material.

ELEVENTH:

In full consideration for the rights herein granted and agreed to be granted and the undertakings and warranties made on the part of the Seller, the Purchaser agrees to pay to Jules C. Goldstone Agency, as Agent for the Seller, and the Seller hereby agrees to accept, upon the execution and delivery hereof, the sum of Nine Thousand Two Hundred and Fifty Dollars ($9,250), receipt whereof is hereby acknowledged.

TWELFTH:

This agreement shall bind and enure to the benefit of the parties hereto, their respective heirs, executors, administrators, successors and assigns, and the rights herein granted may be freely assigned in whole or in part by the Purchaser, its successors and assigns.

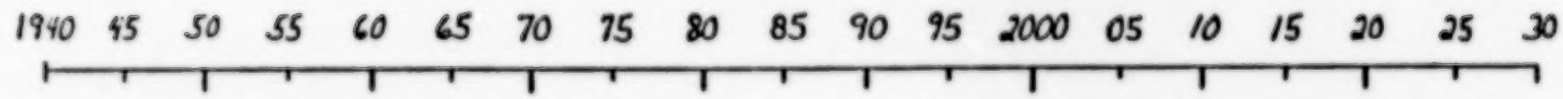
IN WITNESS WHEREOF, the Author has signed and sealed this instrument, and the Purchaser has caused this instrument to be signed by its duly authorized officers and its corporate seals to be hereunto affirmed, the day and year first above written.

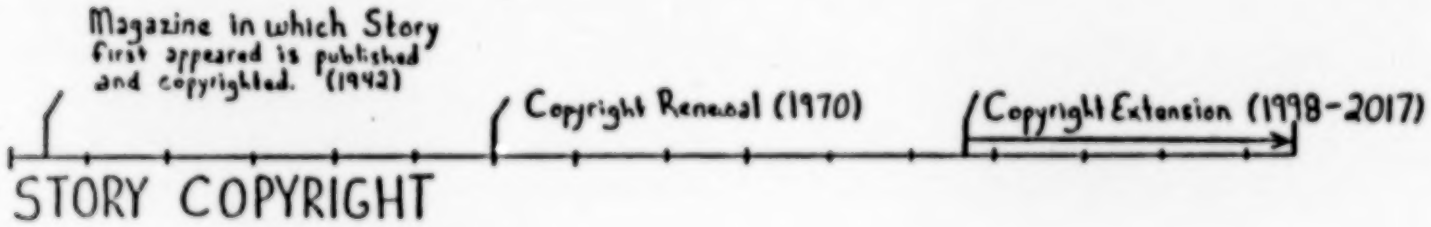
/s/ Cornell Woolrich

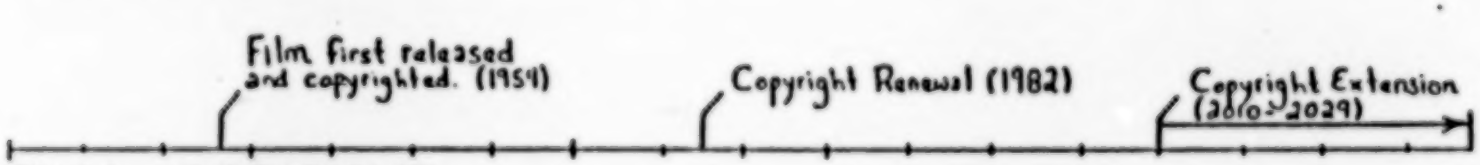
B. G. De SYLVA PRODUCTIONS, INC.

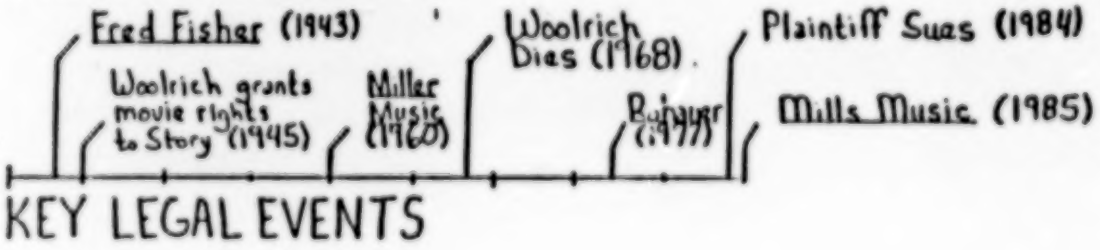
By /s/ Vice President

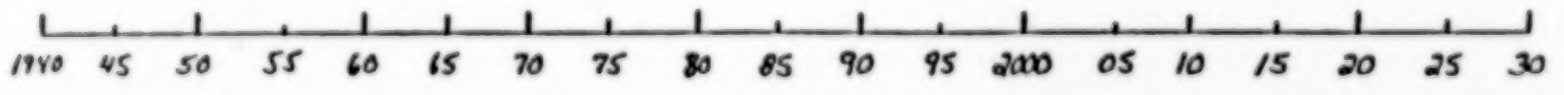
TIME LINE


1940 45 50 55 60 65 70 75 80 85 90 95 2000 05 10 15 20 25 30


Magazine in which Story first appeared is published and copyrighted. (1942)
Copyright Renewal (1970)
Copyright Extension (1998-2017)
STORY COPYRIGHT


Film first released and copyrighted. (1954)
Copyright Renewal (1982)
Copyright Extension (2010-2029)
FILM COPYRIGHT


Fred Fisher (1943)
Woolrich grants movie rights to Story (1945)
Miller Music (1960)
Woolrich Dies (1968)
Bajauer (1977)
Plaintiff Sues (1984)
Mills Music (1985)
KEY LEGAL EVENTS


1940 45 50 55 60 65 70 75 80 85 90 95 2000 05 10 15 20 25 30

Excerpt from Oral Argument before Ninth Circuit in *ABEND v. MCA* re Fair Use

By Petrich:

The effect of [the *Rohauer* rule on the statutory successor] is so minor. The *Rohauer* . . . , I'm sorry, . . . the underlying owner, can still go out and make his own motion pictures or license them. Here, he [Abend] tried to have HBO do a movie for television. *He,* I think, *misstates what happened there.* HBO went out, authorized – commissioned – a script and then abandoned the project. *He said in his brief* that that was because of us. The absolute *testimony* on that is that they gave it up *for other reasons* and *it is not hard to figure out when you compare the underlying work with our movie.* Anybody who has seen our movie and seen Grace Kelly and has seen the work by Hitchcock and the work by Stewart is going to be very disappointed when they go back and read the underlying work because the underlying work is a very dark, dreary thing and doesn't have a love interest like Grace Kelly and it doesn't have some of the other characters that we do and it doesn't have the dialogue our movie does. And so, when he goes out and licenses [interrupted by new question by court] . . . (Emphasis added).
